

**FIRST SPECIAL SESSION LAWS  
OF THE  
STATE OF MINNESOTA**

**Enacted by the Eighty-Third Legislature  
at the First Special Session in 2003,  
from May 20 to May 29**

# PROCLAMATION FOR SPECIAL SESSION 2003

- WHEREAS: The Eighty-Third Legislature adjourned without enacting legislation essential to the health, well-being and safety of the citizens of Minnesota; and
- WHEREAS: The unfinished matters of the Legislature include essential laws regarding the operation of state government, the operation of local governments, education, public safety, transportation, tax reform, energy management, health, human services, economic development and natural resources; and
- WHEREAS: The time permitted by law for passage of such legislation during the 2003 session for the Legislature has expired, and an extraordinary occasion as envisioned by Article IV, Section 12 of the Minnesota Constitution is thereby created; and
- WHEREAS: The people of Minnesota are best served by avoidance of a government shutdown and a prompt conclusion of legislative business, with a limited agenda and, to the extent possible prior agreement on laws to be enacted.

NOW THEREFORE, I, TIM PAWLENTY, Governor of Minnesota, do hereby summon you, members of the Legislature, to convene in Special Session on Tuesday, May 20, 2003 at 11:00 a.m. at the State Capitol in Saint Paul, Minnesota.



IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this 20th day of May in the year of our Lord two thousand and three, and of the State the one hundred forty-fifth.

TIM PAWLENTY

GOVERNOR

MARY KIFFMEYER

SECRETARY OF STATE

**SESSION LAWS**  
**of the**  
**STATE OF MINNESOTA**

**ENACTED BY THE EIGHTY-THIRD LEGISLATURE**

**AT THE FIRST SPECIAL SESSION IN 2003,**

**FROM MAY 20 TO MAY 29**

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**CHAPTER 1—H.F.No. 1**

*An act relating to state government; appropriating money for the general legislative and administrative expenses of state government and economic development; modifying provisions related to state and local government operations; modifying certain fee and revenue provisions; requiring certain contractor bonding; requiring licensure of certain gambling equipment sales persons; modifying provisions of various state boards and commissions; modifying certain insurance provisions; modifying certain cosmetology provisions; modifying certain lawful gambling provisions; requiring studies; amending Minnesota Statutes 2002, sections 3.885, subdivision 1; 3.971, subdivision 2; 6.48; 6.49; 6.54; 6.55; 6.64; 6.65; 6.66; 6.67; 6.68, subdivision 1; 6.70; 6.71; 6.74; 8.06; 10A.01, subdivision 21; 10A.02, by adding a subdivision; 10A.025, subdivision 2; 10A.03, subdivision 1; 10A.04, subdivisions 1, 2, 4, 5, 6, by adding a subdivision; 10A.34, subdivision 1a; 14.091; 14.48, by adding a subdivision; 16A.102, subdivision 1; 16A.11, subdivision 3; 16A.1285, subdivision 3; 16A.151, subdivision 5; 16A.17, by adding a subdivision; 16A.40; 16A.501; 16A.642, subdivision 1; 16B.24, subdivision 5; 16B.35, subdivision 1; 16B.465, subdivisions 1a, 7; 16B.47; 16B.48, subdivision 2; 16C.02, subdivision 6; 16C.03, by adding a subdivision; 16C.05, subdivision 2, by adding a subdivision; 16C.06, subdivision 1; 16C.08, subdivisions 2, 3, 4, by adding a subdivision; 16C.10, subdivision 7; 16D.08, subdivision 2; 16E.01, subdivision 3; 16E.07, subdivision 9; 43A.17, subdivision 9; 69.772, subdivision 2; 115A.929; 116J.8771; 197.608; 237.49; 237.52, subdivision 3; 237.701, subdivision 1; 240.03; 240.10; 240.15, subdivision 6; 240.155, subdivision 1; 240A.03, subdivision 10; 240A.04; 240A.06, subdivision 1; 256B.435, subdivision 2a; 268.186; 270.052; 270.44; 270A.07, subdivision 1; 289A.08, subdivision 16; 306.95; 349.12, subdivision 25, by adding a subdivision; 349.151, subdivisions 4, 4b; 349.155, subdivision 3; 349.16, subdivision 6; 349.161, subdivisions 1, 4, 5; 349.162, subdivision 1; 349.163, subdivisions 2, 6; 349.164, subdivision 4; 349.165, subdivision 3; 349.166, subdivisions 1, 2; 349A.08, subdivision 5; 403.02, subdivision 10; 403.06; 403.07, subdivisions 1, 2, 3; 403.09, subdivision 1; 403.11; 403.113;*

458D.17, subdivision 5; 471.696; 471.999; 473.891, subdivision 10, by adding a subdivision; 473.898, subdivisions 1, 3; 473.901; 473.902, by adding a subdivision; 473.907, subdivision 1; 477A.014, subdivision 4; Laws 1998, chapter 366, section 80, as amended; Laws 2002, chapter 331, section 19; proposing coding for new law in Minnesota Statutes, chapters 3A; 6; 16C; 43A; 60A; 326; 349; repealing Minnesota Statutes 2002, sections 3.305, subdivision 5; 3.971, subdivision 8; 3A.11; 4A.055; 6.77; 12.221, subdivision 5; 16A.87; 16B.50; 16C.07; 16E.09; 149A.97, subdivision 8; 155A.03, subdivisions 14, 15; 155A.07, subdivision 9; 163.10; 306.97; Minnesota Rules, part 1950.1070.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

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**ARTICLE 1**

**STATE GOVERNMENT APPROPRIATIONS**

**Section 1. STATE GOVERNMENT APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2003," "2004," and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2003, June 30, 2004, or June 30, 2005, respectively.

**SUMMARY BY FUND**

	2004	2005	TOTAL
General	\$ 264,857,000	\$ 267,568,000	\$ 532,425,000
For 2003 - \$369,000			
Health Care			
Access	1,782,000	1,782,000	3,564,000
State Government			
Special Revenue	25,024,000	31,629,000	56,653,000
Environmental	520,000	436,000	956,000
Remediation	484,000	484,000	968,000
Special Revenue	2,947,000	2,947,000	5,894,000
Highway User Tax			
Distribution	2,097,000	2,097,000	4,194,000

Workers' Compensation	7,286,000	7,349,000	14,635,000
<b>TOTAL</b>	<b>\$ 304,997,000</b>	<b>\$ 314,292,000</b>	<b>\$ 619,289,000</b>

**APPROPRIATIONS**  
Available for the Year  
Ending June 30  
2004                      2005

**Sec. 2. LEGISLATURE**

Subdivision 1. Total Appropriation		\$58,328,000	\$58,328,000
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Summary by Fund

General	58,200,000	58,200,000
Health Care Access	128,000	128,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

## Subd. 2. Senate

19,319,000                      19,319,000

## Subd. 3. House of Representatives

25,993,000                      25,993,000

Subd. 4. Legislative  
Coordinating Commission

13,016,000                      13,016,000

Summary by Fund

General	12,888,000	12,888,000
Health Care Access	128,000	128,000

\$5,023,000 the first year and \$5,023,000 the second year are for the office of the revisor of statutes.

\$1,086,000 the first year and \$1,086,000 the second year are for the legislative reference library.

\$4,623,000 the first year and \$4,623,000 the second year are for the office of the legislative auditor.

\$360,000 the first year and \$360,000 the second year are for public information television, Internet, Intranet, and other transmission of legislative activities. At least one-half must go for programming to be broadcast and transmitted to rural Minnesota.

During the biennium ending June 30, 2005, the legislative coordinating commission, the office of the legislative auditor, and the office of the revisor of statutes are not subject to the limitations in uses of funds provided under Minnesota Statutes, section 16A.281.

During the biennium ending June 30, 2005, a legislative commission or subcommittee of the legislative coordinating commission may by resolution adopt per diem payments for members attending commission meetings that are less than the payments permitted by rules of the house of representatives and the senate.

(a) If the legislative coordinating commission requires employees under its jurisdiction to take temporary leave without pay during the biennium ending June 30, 2005, the first 80 hours of leave without pay in fiscal year 2004 and the first 80 hours of leave without pay in fiscal year 2005 are governed by this paragraph. The commission must permit employees taking this leave to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. The commission may make the employer con-

tribution to the employee's retirement plan if the employee participates in a defined contribution plan. If the leave without pay is for one full pay period or longer, any holiday pay must be included in the first payroll warrant after return from the leave. Managers must attempt to schedule leaves to meet the needs of employees and the need to continue efficient operation of their offices.

(b) Notwithstanding Minnesota Statutes, section 43A.18, subdivisions 2 and 3, the legislative coordinating commission may require employees in the office of the legislative auditor whose terms and conditions of employment are determined through the commissioner and managerial compensation plans to take leave without pay as described in paragraph (a).

Sec. 3. GOVERNOR AND  
LIEUTENANT GOVERNOR

3,586,000

3,586,000

This appropriation is to fund the offices of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

By September 1 of each year, the commissioner of finance shall report to the chairs of the senate governmental operations budget division and the house state government finance division any personnel costs incurred by the office of the governor and lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Sec. 4. STATE AUDITOR	8,306,000	8,306,000
Sec. 5. ATTORNEY GENERAL	24,800,000	24,779,000

## Summary by Fund

General	22,559,000	22,559,000
State Government Special Revenue	1,612,000	1,591,000
Environmental	145,000	145,000
Remediation	484,000	484,000
Sec. 6. SECRETARY OF STATE	5,912,000	6,032,000

For 2003 - \$369,000

\$369,000 is appropriated in fiscal year 2003 from the general fund to the secretary of state for payment of the attorney fees awarded by court order in Zachman et al. vs. Kiffmeyer et al. This is a onetime appropriation and not added to the secretary of state's base budget.

Sec. 7. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	712,000	712,000
Sec. 8. INVESTMENT BOARD	2,167,000	2,167,000
Sec. 9. ADMINISTRATIVE HEARINGS	7,186,000	7,249,000

This appropriation is from the workers' compensation fund.

Fee rates charged during fiscal years 2004 and 2005 by the Administrative Law Division of the Office of Administrative Hearings must be reduced by ten percent from fiscal year 2003 levels.

Sec. 10. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	3,314,000	3,314,000
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\$50,000 the first year and \$50,000 the second year are for a grant to the Northern Counties Land Use Coordinating Board for

purposes of the pilot project established in Laws 2002, chapter 373, section 33. The pilot project is extended until June 30, 2005. This is a onetime appropriation.

#### Sec. 11. ADMINISTRATION

Subdivision 1. Total Appropriation	21,422,000	20,922,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Operations Management	2,669,000	2,669,000
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The commissioner of administration, in consultation with heads of other executive agencies, must identify state agency: (1) telecommunication device usage; and (2) vehicle usage, that is not cost-efficient. The commissioner must implement policies to reduce usage that is found not to be cost-efficient. The commissioner must report to the legislature by January 15, 2004, on implementation of this section, including savings achieved by eliminating usage that is not cost-efficient.

Subd. 3. Office of Technology	2,479,000	2,479,000
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Subd. 4. Facilities Management	11,541,000	11,041,000
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\$7,888,000 the first year and \$7,888,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

\$500,000 the first year is for onetime funding of agency relocation expenses.

\$2,050,000 in the first year and \$2,050,000 in the second year of the balance in the

facility repair and replacement account in the state government special revenue fund is canceled to the general fund. This amount is in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5.

Subd. 5. Management Services

2,830,000                      2,830,000

\$196,000 the first year and \$196,000 the second year are for the office of the state archaeologist.

\$74,000 the first year and \$74,000 the second year are for the developmental disabilities council.

Subd. 6. Public Broadcasting

1,903,000                      1,903,000

\$1,175,000 the first year and \$1,175,000 the second year are for matching grants for public television.

\$203,000 the first year and \$203,000 the second year are for public television equipment grants.

Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$17,000 the first year and \$17,000 the second year are for grants to the Twin Cities regional cable channel.

\$313,000 the first year and \$313,000 the second year are for community service grants to public educational radio stations. The grants must be allocated after considering the recommendations of the association of Minnesota public educational radio stations under Minnesota Statutes, section 129D.14.

\$195,000 the first year and \$195,000 the second year are for equipment grants to Minnesota Public Radio, Inc.

Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	262,000	262,000
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During the biennium ending June 30, 2005, money received by the board from public agencies, as provided by Minnesota Statutes, section 15.50, subdivision 40, is appropriated to the board.

Sec. 13. FINANCE

Subdivision 1. Total Appropriation	15,216,000	15,216,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. State Financial Management

8,711,000	8,711,000
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Subd. 3. Information and Management Services

6,505,000	6,505,000
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Sec. 14. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation	6,188,000	6,188,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Employee Insurance

63,000	63,000
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Subd. 3. Human Resources Management

6,125,000	6,125,000
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The commissioner of employee relations shall convene a work group to study the structure of current human resources processes and responsibilities related to technology systems. The study should include:

- (1) an analysis of the current division of labor for completing standard human resource electronic transactions;
- (2) opportunities for improvements to the current structure that will create more effective and efficient methods of operation;
- (3) the recommended course of action to maximize the use of statewide systems and resources; and
- (4) a plan to address any fiscal impact necessitated by the proposed plan.

The commissioner must provide a report of findings to the chairs of the house state government finance committee and senate state government budget division by January 19, 2004.

#### Subd. 4. Insurance Contingency Reserve

By June 30, 2005, the commissioner of finance shall transfer \$23,000,000 of the contingency reserve within the employee insurance trust fund maintained under Minnesota Statutes, section 43A.30, subdivision 6, to the general fund.

#### Sec. 15. REVENUE

Subdivision 1. Total Appropriation		93,442,000	97,596,000
Summary by Fund			
General	89,316,000	93,554,000	
Health Care Access	1,654,000	1,654,000	
Highway User Tax Distribution	2,097,000	2,097,000	
Environmental	375,000	291,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Tax System Management

78,842,000                      81,872,000

Summary by Fund

General	74,716,000	77,830,000
Health Care Access	1,654,000	1,654,000
Highway User		
Tax Distribution	2,097,000	2,097,000
Environmental	375,000	291,000

\$2,742,000 the first year and \$5,856,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$59,838,000 for the biennium ending June 30, 2005.

The department must report to the chairs of the house ways and means and senate finance committees by March 1, 2004, and January 15, 2005, on the following performance indicators:

- (1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;
- (2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amounts of the valid tax liabilities collected; and
- (3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The reports must also identify base level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2002. The information must be provided at the budget activity level.

\$30,000 from the general fund the first year and \$30,000 from the general fund the second year are for the preparation of the income tax sample.

Subd. 3. Accounts Receivable Management

14,600,000	15,724,000
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\$1,558,000 the first year and \$2,682,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed.

Sec. 16. MILITARY AFFAIRS

Subdivision 1. Total

Appropriation	12,279,000	12,279,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training  
Facilities

5,590,000	5,590,000
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Subd. 3. General Support

1,757,000	1,757,000
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Subd. 4. Enlistment Incentives

4,857,000	4,857,000
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If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

\$500,000 of the appropriation in Laws 2001, First Special Session chapter 10, article 1, section 17, subdivision 4, for



Sec. 21. GAMBLING CONTROL		2,728,000	2,526,000
	Summary by Fund		
General	202,000	-0-	
Special Revenue	2,526,000	2,526,000	

The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and must require that it be reimbursed to the general fund if sufficient resources are available in the special revenue fund.

The special revenue fund appropriation is made from the lawful gambling regulation account.

Sec. 22. RACING COMMISSION		525,000	421,000
	Summary by Fund		
General	104,000	-0-	
Special Revenue	421,000	421,000	

The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and must require that it be reimbursed to the general fund from the special revenue fund.

The special revenue fund appropriation is made from the racing and card playing regulation account.

#### Sec. 23. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, the operating budget must not exceed \$43,538,000 in fiscal year 2004 and \$43,538,000 in fiscal year 2005 and thereafter. The savings must be transferred 60 percent to the general fund in the state treasury and 40 percent to the Minnesota

environment and natural resources trust fund in the state treasury.

Sec. 24. AMATEUR SPORTS  
COMMISSION

525,000

525,000

\$225,000 the first year and \$225,000 the second year may only be spent up to the amount of offsetting fee revenue generated by the commission under Minnesota Statutes, section 240A.03.

Sec. 25. TORT CLAIMS

161,000

161,000

To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 26. MINNESOTA STATE  
RETIREMENT SYSTEM

2,518,000

2,727,000

The amounts estimated to be needed for each program are as follows:

(a) Legislators

2,150,000

2,300,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Constitutional Officers

368,000

427,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 27. MINNEAPOLIS EMPLOYEES  
RETIREMENT FUND

6,632,000

6,632,000

Sec. 28. GENERAL CONTINGENT ACCOUNTS		1,500,000	500,000
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Summary by Fund

General	1,000,000	-0-	
State Government Special Revenue	400,000	400,000	
Workers' Compensation	100,000	100,000	

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 29. PUBLIC SAFETY		23,012,000	29,640,000
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This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

(a) Public Safety Answering Points

6,970,000	8,522,000
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To be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

This appropriation may only be used for public safety answering points that have implemented enhanced 911 service or whose governmental agency has made a binding commitment to the commissioner of public safety to implement enhanced 911 service by January 1, 2008.

(b) Consolidation and Minimum Standards Study

150,000	-0-
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The public safety radio communication

system planning committee shall study and make recommendations on the feasibility of consolidating public safety answering points. In making recommendations, the planning committee must consider a cost-benefit analysis of consolidations, the impact on public safety, interoperability issues, and best practices models.

In addition, the planning committee shall recommend minimum standards for public safety answering points and recommend possible funding incentives for consolidation. The planning committee shall report its findings to the chairs of the senate crime prevention and public safety committee, the senate state government budget division, and the house judiciary policy and finance committee by January 15, 2004.

#### Sec. 30. **GENERAL REDUCTION.**

The commissioner of finance shall reduce general fund appropriations to executive branch state agencies for state agency operations in the biennium ending June 30, 2005, by \$17,581,000. The reduction to the Minnesota state colleges and universities must not be more than \$2,500,000. The reductions to state constitutional officers must be the same percentage of each officer's general fund appropriation.

#### Sec. 31. **SALE OF STATE LAND.**

Subdivision 1. STATE LAND SALES. The commissioner of administration shall coordinate with the head of each department or agency having control of state-owned land to identify and sell at least \$5,505,000 of state-owned land. Sales should be completed according to law and as provided in this section as soon as practicable but no later than June 30, 2005. Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, or any other law to the contrary, the commissioner may offer land for public sale by only providing notice of lands or an offer of sale of lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities.

Subd. 2. ANTICIPATED SAVINGS. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or other law to the contrary, the amount of the proceeds from the sale of land under this section that exceeds the actual expenses of selling the land must be deposited in the general fund, except as otherwise provided by the commissioner of finance. Notwithstanding Minnesota Statutes, section 94.11, the commissioner of finance may establish the timing of payments for land purchased under this section. If the total of all money deposited into the general fund from the

New language is indicated by underline, deletions by ~~strikeout~~.

proceeds of the sale of land under this section is anticipated to be less than \$5,505,000, the governor must allocate the amount of the difference as reductions to general fund operating expenditures for other executive agencies for the biennium ending June 30, 2005.

Subd. 3. STATE LAND SALES FOR CONSIDERATION. Based on the inventory of state-owned land under Laws 2002, chapter 393, section 36, the commissioner of administration with the cooperation of the responsible agency head may consider the following for sale under this section:

(1) the BCA property at 1246 University Avenue in St. Paul with a public use classification of "to be determined"; and

(2) other land identified as surplus in the inventory of state-owned land.

Subd. 4. SALE OF STATE LANDS REVOLVING LOAN FUND. \$180,075 is appropriated from the general fund in fiscal year 2004 to the commissioner of administration for purposes of paying the actual expenses of selling state-owned lands to achieve the anticipated savings required in this section. From the gross proceeds of land sales under this section, the commissioner of administration must cancel the amount of the appropriation in this subdivision to the general fund by June 30, 2005.

**Sec. 32. EFFECTIVE DATE.**

The appropriations for fiscal year 2003 are effective the day following final enactment.

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**ARTICLE 2**

**STATE GOVERNMENT OPERATIONS**

Section 1. Minnesota Statutes 2002, section 3.885, subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** The legislative commission on planning and fiscal policy consists of ~~18~~ nine members of the senate appointed by the subcommittee on committees of the committee on rules and administration and nine members of the house of representatives appointed by the legislative coordinating commission speaker. Vacancies on the commission are filled in the same manner as original appointments. The commission shall elect a chair and a vice-chair from among its members. The chair alternates between a member of the senate and a member of the house in January of each odd-numbered year.

Sec. 2. Minnesota Statutes 2002, section 3.971, subdivision 2, is amended to read:

Subd. 2. **STAFF; COMPENSATION.** The legislative auditor shall establish a financial audits division and a program evaluation division to fulfill the duties

New language is indicated by underline, deletions by ~~strikeout~~.

prescribed in this section. Each division ~~must~~ may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and confidential secretaries shall be determined by the compensation plan approved by the legislative coordinating commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor. The deputy auditors and the confidential secretaries serve in the unclassified civil service, but all other employees of the legislative auditor are in the classified civil service. While in office, a person appointed deputy for the financial audit division must hold an active license as a certified public accountant.

### Sec. 3. [3A.115]

The amount necessary to fund the retirement allowance granted under this chapter to a former legislator upon retirement is appropriated from the general fund to the director to pay pension obligations due to the retiree. Retirement allowances payable to retired legislators and their survivors under this chapter must be adjusted in the same manner, at the same times, and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to retirees of a participating public pension fund.

Sec. 4. Minnesota Statutes 2002, section 6.48, is amended to read:

### 6.48 EXAMINATION OF COUNTIES; COST, FEES.

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor shall may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the department of human services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office

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of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving ~~such~~ any examination shall pay to the state general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The general fund shall be credited with all collections made for any such examinations.

Sec. 5. Minnesota Statutes 2002, section 6.49, is amended to read:

**6.49 CITIES OF FIRST CLASS.**

All powers and duties conferred and imposed upon the state auditor with respect to state and county officers, institutions, property, and improvements are hereby extended to cities of the first class. Copies of the written report of the state auditor on the financial condition and accounts of such city shall be filed in the state auditor's office, with the mayor, city council, and city comptroller thereof, and with the city commissioners, if such city have such officers. If such report disclose malfeasance, misfeasance, or nonfeasance in office, copies thereof shall be filed with the city attorney thereof and with the county attorney of the county in which such city is located, and these officials of the law shall institute such proceedings, civil or criminal, as the law and the public interest require.

The state auditor ~~may~~ shall bill said cities monthly for services rendered, including any examination, and the officials responsible for approving and paying claims shall cause said bill to be promptly paid.

Sec. 6. Minnesota Statutes 2002, section 6.54, is amended to read:

**6.54 EXAMINATION OF COUNTY AND MUNICIPAL RECORDS PURSUANT TO PETITION.**

The registered voters in a county or home rule charter or statutory city or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the county, home rule charter or statutory city, town, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a county or home rule charter or statutory city, the petition shall be signed by a number

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of registered voters at least equal to 20 percent of those voting in the last presidential election. The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of children, families, and learning. In the case of school districts, the petition shall be signed by at least ten eligible voters. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the county, city, or school district as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate city or school district clerk and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

Sec. 7. Minnesota Statutes 2002, section 6.55, is amended to read:

**6.55 EXAMINATION OF RECORDS PURSUANT TO RESOLUTION OF GOVERNING BODY.**

The governing body of any city, town, county or school district, by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to said resolution, a written request signed by a majority of the members of the governing body; and the governing body of any public utility commission, or of any public corporation having a body politic and corporate, or of any instrumentality joint or several of any city, town, county, or school district, may request an audit of its books, records, accounts and affairs in the same manner; provided that the scope of the examination may be limited by the request, but such examination shall cover, at least, all cash received and disbursed and the transactions relating thereto. Such written request shall be presented to the clerk, or recording officer of such city, town, county, school district, public utility commission, public corporation, or instrumentality, before being presented to the state auditor, who shall determine whether the same is signed by a majority of the members of such governing body and, if found to be so signed, shall certify such fact, and the fact that such resolution was passed, which certificate shall be conclusive evidence thereof in any action or proceedings for the recovery of the costs, charges and expenses of any examination made pursuant to such request. Nothing contained in any of the laws of the state relating to the state auditor, shall be so construed as to prevent any county, city, town, or school district from employing a certified public accountant to examine its books, records, accounts, and affairs. For the purposes of this section, the governing body of a town is the town board.

Sec. 8. Minnesota Statutes 2002, section 6.64, is amended to read:

**6.64 COOPERATION WITH PUBLIC ACCOUNTANTS; PUBLIC ACCOUNTANT DEFINED.**

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There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for counties, cities, towns, school districts, and other public corporations. For the purposes of sections 6.64 to 6.71 the term public accountant shall have the meaning ascribed to it in section 412.222.

Sec. 9. Minnesota Statutes 2002, section 6.65, is amended to read:

**6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.**

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of counties and local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting standards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 10. Minnesota Statutes 2002, section 6.66, is amended to read:

**6.66 CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.**

Any public accountant may engage in the practice of auditing the books, records, accounts, and affairs of counties, cities, towns, school districts, and other public corporations which are not otherwise required by law to be audited exclusively by the state auditor.

Sec. 11. Minnesota Statutes 2002, section 6.67, is amended to read:

**6.67 PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.**

Whenever a public accountant in the course of auditing the books and affairs of a county, city, town, school district, or other public corporations, shall discover evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 12. Minnesota Statutes 2002, section 6.68, subdivision 1, is amended to read:

Subdivision 1. **REQUEST TO GOVERNING BODY.** If in an audit of a county, city, town, school district, or other public corporation, a public accountant has need of the assistance of the state auditor, the accountant may obtain such assistance by requesting the governing body of the governmental unit being examined to request the

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state auditor to perform such auditing or investigative services, or both, as the matter and the public interest require.

Sec. 13. Minnesota Statutes 2002, section 6.70, is amended to read:

**6.70 ACCESS TO REPORTS.**

The state auditor and the public accountants shall have reasonable access to each other's audit reports, working papers, and audit programs concerning audits made by each of counties, cities, towns, school districts, and other public corporations.

Sec. 14. Minnesota Statutes 2002, section 6.71, is amended to read:

**6.71 SCOPE OF AUDITOR'S INVESTIGATION.**

Whenever the governing body of a county, city, town, or school district shall have requested a public accountant to make an audit of its books and affairs, and such audit is in progress or has been completed, and freeholders registered voters or electors petition or the governing body requests or both the state auditor to make an examination covering the same, or part of the same, period, the state auditor may, in the public interest, limit the scope of the examination to less than that specified in section 6.54, but the scope shall cover, at least, an investigation of those complaints which are within the state auditor's powers and duties to investigate.

Sec. 15. Minnesota Statutes 2002, section 6.74, is amended to read:

**6.74 INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.**

The state auditor, or a designated agent, shall collect annually from all city, county, and other local units of government, information as to the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, borrowing, debts, principal and interest payments on debts, and such other information as may be needful. The data shall be supplied upon blanks forms prescribed by the state auditor, and all public officials so called upon shall fill out properly and return promptly all blanks forms so transmitted. The state auditor or assistants, may examine local records in order to complete or verify the information.

Sec. 16. **[6.78] BEST PRACTICES REVIEWS.**

The state auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The state auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. The state auditor shall determine the local government services to be reviewed in consultation with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Association of Metropolitan Municipalities, the Minnesota Association of Townships, the Minnesota Municipal Utilities Association, and the Minnesota Association of School Administrators.

**EFFECTIVE DATE.** This section is effective July 1, 2004.

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Sec. 17. Minnesota Statutes 2002, section 8.06, is amended to read:

**8.06 ATTORNEY FOR STATE OFFICERS, BOARDS, OR COMMISSIONS; EMPLOY COUNSEL.**

The attorney general shall act as the attorney for all state officers and all boards or commissions created by law in all matters pertaining to their official duties. When requested by the attorney general, it shall be the duty of any county attorney of the state to appear within the county and act as attorney for any such board, commission, or officer in any court of such county. The attorney general may, upon request in writing, employ, and fix the compensation of, a special attorney for any such board, commission, or officer when, in the attorney general's judgment, the public welfare will be promoted thereby. Such special attorney's fees or salary shall be paid from the appropriation made for such board, commission, or officer. Except as herein provided, no board, commission, or officer shall hereafter employ any attorney at the expense of the state.

Whenever the attorney general, the governor, and the chief justice of the supreme court shall certify, in writing, filed in the office of the secretary of state, that it is necessary, in the proper conduct of the legal business of the state, either civil or criminal, that the state employ additional counsel, the attorney general shall thereupon be authorized to employ such counsel and, with the governor and the chief justice, fix the additional counsel's compensation. The governor, if in the governor's opinion the public interest requires such action, may employ counsel to act in any action or proceeding if the attorney general is in any way interested adversely to the state. Except as herein stated, no additional counsel shall be employed and the legal business of the state shall be performed exclusively by the attorney general and the attorney general's assistants.

Sec. 18. Minnesota Statutes 2002, section 10A.01, subdivision 21, is amended to read:

Subd. 21. **LOBBYIST.** (a) "Lobbyist" means an individual:

(1) ~~engaged for pay or other consideration, or authorized to spend money by another individual, association, political subdivision, or public higher education system, who spends more than five hours in any month or more than \$250, not including the individual's own travel expenses and membership dues, of more than \$3,000 from all sources in any year, for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials; or~~

(2) who spends more than \$250, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan government-

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tal unit, by communicating or urging others to communicate with public or local officials.

(b) "Lobbyist" does not include:

(1) a public official;

(2) an employee of the state, including an employee of any of the public higher education systems;

(3) an elected local official;

(4) a nonelected local official or an employee of a political subdivision acting in an official capacity, unless the nonelected official or employee of a political subdivision spends more than 50 hours in any month attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit other than the political subdivision employing the official or employee, by communicating or urging others to communicate with public or local officials, including time spent monitoring legislative or administrative action, or the official action of a metropolitan governmental unit, and related research, analysis, and compilation and dissemination of information relating to legislative or administrative policy in this state, or to the policies of metropolitan governmental units;

(5) a party or the party's representative appearing in a proceeding before a state board, commission, or agency of the executive branch unless the board, commission, or agency is taking administrative action;

(6) an individual while engaged in selling goods or services to be paid for by public funds;

(7) a news medium or its employees or agents while engaged in the publishing or broadcasting of news items, editorial comments, or paid advertisements which directly or indirectly urge official action;

(8) a paid expert witness whose testimony is requested by the body before which the witness is appearing, but only to the extent of preparing or delivering testimony; or

(9) a party or the party's representative appearing to present a claim to the legislature and communicating to legislators only by the filing of a claim form and supporting documents and by appearing at public hearings on the claim.

(c) An individual who volunteers personal time to work without pay or other consideration on a lobbying campaign, and who does not spend more than the limit in paragraph (a), clause (2), need not register as a lobbyist.

(d) An individual who provides administrative support to a lobbyist and whose salary and administrative expenses attributable to lobbying activities are reported as lobbying expenses by the lobbyist, but who does not communicate or urge others to communicate with public or local officials, need not register as a lobbyist.

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Sec. 19. Minnesota Statutes 2002, section 10A.02, is amended by adding a subdivision to read:

**Subd. 15. DISPOSITION OF FEES.** The board must deposit all fees collected under this chapter into the general fund in the state treasury.

Sec. 20. Minnesota Statutes 2002, section 10A.025, subdivision 2, is amended to read:

**Subd. 2. PENALTY FOR FALSE STATEMENTS.** A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. The signature may be an electronic signature consisting of a password assigned by the board. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 21. Minnesota Statutes 2002, section 10A.03, subdivision 1, is amended to read:

**Subdivision 1. FIRST REGISTRATION.** A lobbyist must file a registration form with the board within five days after becoming a lobbyist or being engaged by a new individual, association, political subdivision, or public higher education system.

Sec. 22. Minnesota Statutes 2002, section 10A.04, subdivision 1, is amended to read:

**Subdivision 1. REPORTS REQUIRED.** A lobbyist must file reports of the lobbyist's activities with the board as long as the lobbyist continues to lobby. The report may be filed electronically. A lobbyist may file a termination statement at any time after ceasing to lobby.

**EFFECTIVE DATE.** This section is effective January 1, 2005.

Sec. 23. Minnesota Statutes 2002, section 10A.04, subdivision 2, is amended to read:

**Subd. 2. TIME OF REPORTS.** Each report must cover the time from the last day of the period covered by the last report to 15 days before the current filing date. The reports must be filed with the board by the following dates:

- (1) January 15; and
- (2) April 15; and
- (3) ~~July 15~~ June 15.

Sec. 24. Minnesota Statutes 2002, section 10A.04, is amended by adding a subdivision to read:

**Subd. 2a. FEE.** On January 15 each year, each lobbyist must pay a fee of \$50 for each individual, association, political subdivision, or public higher education system

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on whose behalf the lobbyist is registered, except as otherwise provided in this subdivision. The fee must be no more than necessary to cover the cost of administering sections 10A.03 to 10A.06. The amount of the fee is subject to change each biennium in accordance with the budget request made by the board. This subdivision expires June 30, 2004.

Sec. 25. Minnesota Statutes 2002, section 10A.04, subdivision 4, is amended to read:

Subd. 4. **CONTENT.** (a) A report under this section must include information the board requires from the registration form and the information required by this subdivision for the reporting period.

(b) A lobbyist must report the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.

(c) A lobbyist must report the amount and nature of each gift, item, or benefit, excluding contributions to a candidate, equal in value to \$5 or more, given or paid to any official, as defined in section 10A.071, subdivision 1, by the lobbyist or an employer or employee of the lobbyist. The list must include the name and address of each official to whom the gift, item, or benefit was given or paid and the date it was given or paid.

(d) A lobbyist must report each original source of money in excess of \$500 in any year used for the purpose of lobbying to influence legislative action, administrative action, or the official action of a metropolitan governmental unit. The list must include the name, address, and employer, or, if self-employed, the occupation and principal place of business, of each payer of money in excess of \$500.

(e) On the report due April June 15, the lobbyist must provide a general description of the subjects lobbied in the previous 12 months.

Sec. 26. Minnesota Statutes 2002, section 10A.04, subdivision 5, is amended to read:

Subd. 5. **LATE FILING.** The board must send a notice by certified mail to any lobbyist or principal who fails after seven days after a filing date imposed by this section to file a report or statement or to pay a fee required by this section. If a lobbyist or principal fails to file a report or pay a fee within ten business days after the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the 11th day after the notice was sent. The board must send an additional notice by certified mail to any lobbyist or principal who fails to file a report or pay a fee within 14 days after the first notice was sent by the board that the lobbyist

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or principal may be subject to a civil penalty for failure to file the report or pay the fee. A lobbyist or principal who fails to file a report or statement or pay a fee within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

Sec. 27. Minnesota Statutes 2002, section 10A.04, subdivision 6, is amended to read:

Subd. 6. **PRINCIPAL REPORTS.** (a) A principal must report to the board as required in this subdivision by March 15 for the preceding calendar year. Along with the report, the principal must pay a fee of \$50, except as otherwise provided in this subdivision. The fee must be no more than necessary to cover the cost of administering sections 10A.03 to 10A.06. The amount of the fee is subject to change each biennium in accordance with the budget request made by the board.

(b) The principal must report the total amount, rounded to the nearest \$20,000, spent by the principal during the preceding calendar year to influence legislative action, administrative action, and the official action of metropolitan governmental units.

(c) The principal must report under this subdivision a total amount that includes:

(1) all direct payments by the principal to lobbyists in this state;

(2) all expenditures for advertising, mailing, research, analysis, compilation and dissemination of information, and public relations campaigns related to legislative action, administrative action, or the official action of metropolitan governmental units in this state; and

(3) all salaries and administrative expenses attributable to activities of the principal relating to efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units in this state.

Sec. 28. Minnesota Statutes 2002, section 10A.34, subdivision 1a, is amended to read:

Subd. 1a. **RECOVERING LATE FEES AND PENALTIES.** The board may bring an action in the district court in Ramsey county to recover a fee, late filing fee, or penalty imposed under this chapter. Money recovered must be deposited in the general fund of the state.

Sec. 29. Minnesota Statutes 2002, section 14.091, is amended to read:

**14.091 PETITION; UNIT OF LOCAL GOVERNMENT.**

(a) The elected governing body of a statutory or home rule city, a county, or a sanitary district may petition for amendment or repeal of a rule or a specified portion of a rule. The petition must be adopted by resolution of the elected governing body and must be submitted in writing to the agency and to the office of administrative hearings, must specify what amendment or repeal is requested, and must demonstrate that one of the following has become available since the adoption of the rule in question:

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(1) significant new evidence relating to the need for or reasonableness of the rule;  
or

(2) less costly or intrusive methods of achieving the purpose of the rule.

(b) Within 30 days of receiving a petition, an agency shall reply to the petitioner in writing stating either that the agency, within 90 days of the date of the reply, will give notice under section 14.389 of intent to adopt the amendment or repeal requested by the petitioner or that the agency does not intend to amend or repeal the rule and has requested the office of administrative hearings to review the petition. If the agency intends to amend or repeal the rule in the manner requested by the petitioner, the agency must use the process under section 14.389 to amend or repeal the rule. Section 14.389, subdivision 5, applies.

(c) Upon receipt of an agency request under paragraph (b), the chief administrative law judge shall assign an administrative law judge, who was not involved when the rule or portion of a rule that is the subject of the petition was adopted or amended, to review the petition to determine whether the petitioner has complied with the requirements of paragraph (a). The petitioner, the agency, or any interested person, at the option of any of them, may submit written material for the assigned administrative law judge's consideration within ten days of the chief administrative law judge's receipt of the agency request. The administrative law judge shall dismiss the petition if the judge determines that:

(1) the petitioner has not complied with the requirements of paragraph (a);

(2) the rule is required to comply with a court order; or

(3) the rule is required by federal law or is required to maintain authority to administer a federal program.

(d) If the administrative law judge assigned by the chief administrative law judge determines that the petitioner has complied with the requirements of paragraph (a), the administrative law judge shall conduct a hearing and issue a decision on the petition within 120 days of its receipt by the office of administrative hearings. The agency shall give notice of the hearing in the same manner required for notice of a proposed rule hearing under section 14.14, subdivision 1a. At the public hearing, the agency shall make an affirmative presentation of facts establishing the need for and reasonableness of the rule or portion of the rule in question. If the administrative law judge determines that the agency has not established the continued need for and reasonableness of the rule or portion of the rule, the rule or portion of the rule does not have the force of law, effective 90 days after the administrative law judge's decision, unless the agency has before then published notice in the State Register of intent to amend or repeal the rule in accordance with paragraph (e).

(e) The agency may amend or repeal the rule in the manner requested by the petitioner, or in another manner that the administrative law judge has determined is needed and reasonable. Amendments under this paragraph may be adopted under the expedited process in section 14.389. Section 14.389, subdivision 5, applies to this

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adoption. If the agency uses the expedited process and no public hearing is required, the agency must complete the amendment or repeal of the rule within 90 days of the administrative law judge's decision under paragraph (d). If a public hearing is required, the agency must complete the amendment or repeal of the rule within 180 days of the administrative law judge's decision under paragraph (d). A rule or portion of a rule that is not amended or repealed in the time prescribed by this paragraph does not have the force of law upon expiration of the deadline. A rule that is amended within the time prescribed in this paragraph has the force of law, as amended.

(f) The chief administrative law judge shall report the decision under paragraph (d) within 30 days to the chairs of the house and senate committees having jurisdiction over governmental operations and the chairs of the house and senate committees having jurisdiction over the agency whose rule or portion of a rule was the subject of the petition.

(g) The chief administrative law judge shall assess a petitioner half the cost of processing a petition and conducting a public hearing under paragraph (d).

~~(h) This section expires July 31, 2006.~~

Sec. 30. Minnesota Statutes 2002, section 14.48, is amended by adding a subdivision to read:

Subd. 4. MANDATORY RETIREMENT. An administrative law judge and compensation judge must retire upon attaining age 70. The chief administrative law judge may appoint a retired administrative law judge or compensation judge to hear any proceeding that is properly assignable to an administrative law judge or compensation judge. When a retired administrative law judge or compensation judge undertakes this service, the retired judge shall receive pay and expenses in the amount payable to temporary administrative law judges or compensation judges serving under section 14.49.

EFFECTIVE DATE. This section is effective June 30, 2003. An administrative law judge or compensation judge who has attained the age of 70 on or before that date must retire by June 30, 2003.

Sec. 31. Minnesota Statutes 2002, section 16A.102, subdivision 1, is amended to read:

Subdivision 1. **GOVERNOR'S RECOMMENDATION.** By the fourth Tuesday in January of each odd-numbered year date specified in section 16A.11, subdivision 1, for submission of parts one and two of the governor's budget, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

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(3) the mix and rates of income, sales, and other state and local taxes including property taxes and other revenues.

The recommendations must be based on the November forecast prepared under section 16A.103.

Sec. 32. Minnesota Statutes 2002, section 16A.11, subdivision 3, is amended to read:

Subd. 3. **PART TWO: DETAILED BUDGET.** (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) Tables listing expenditures for the next biennium must show the appropriation base for each year as well as the governor's total recommendation for that year for each expenditure line. The appropriation base is the amount appropriated for the second year of the current biennium, adjusted in accordance with any provisions of law that specify changes to the base.

(c) The detailed estimates must include a separate line listing the total number of professional or technical service contracts and the total cost of these professional and technical service contracts for the prior biennium and the projected number of professional or technical service contracts and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions, and the number of professional or technical service consultants for the current biennium.

(e) (d) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

Sec. 33. Minnesota Statutes 2002, section 16A.1285, subdivision 3, is amended to read:

Subd. 3. **DUTIES OF COMMISSIONER OF FINANCE.** The commissioner of finance shall classify, monitor, analyze, and report all departmental earnings that fall within the definition established in subdivision 1. Specifically, the commissioner shall:

(1) establish and maintain a classification system that clearly defines and distinguishes categories and types of departmental earnings and takes into account the purpose of the various earnings types and the extent to which various earnings types serve a public or private interest;

(2) prepare a biennial report that documents collection costs, purposes, and yields of all departmental earnings, the report to be submitted to the legislature on or before

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the fourth Tuesday in January in each odd-numbered year and to include estimated data for the year in which the report is prepared, actual data for the two years immediately before, and estimates for the two years immediately following; and

(3) prepare and maintain a detailed directory of all departmental earnings.

In a year following the election of a governor who had not been governor the previous year, the report required by clause (2) must be submitted by the third Tuesday in February.

Sec. 34. Minnesota Statutes 2002, section 16A.151, subdivision 5, is amended to read:

Subd. 5. **EXPIRATION.** This section expires June 30, 2004 2006.

Sec. 35. Minnesota Statutes 2002, section 16A.17, is amended by adding a subdivision to read:

Subd. 10. **DIRECT DEPOSIT.** Notwithstanding section 177.23, the commissioner may require direct deposit for all state employees that are being paid by the state payroll system.

Sec. 36. Minnesota Statutes 2002, section 16A.40, is amended to read:

**16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.**

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

The commissioner may require payees receiving more than ten payments of \$10,000 per year must to supply the commissioner with their bank routing information to enable the payments to be made through an electronic fund transfer.

Sec. 37. Minnesota Statutes 2002, section 16A.501, is amended to read:

**16A.501 REPORT ON EXPENDITURE OF BOND PROCEEDS.**

The commissioner of finance must report annually to the legislature on the degree to which entities receiving appropriations for capital projects in previous omnibus capital improvement acts have encumbered or expended that money. The report must be submitted to the chairs of the house of representatives ways and means committee and the senate finance committee by ~~February~~ January 1 of each year.

Sec. 38. Minnesota Statutes 2002, section 16A.642, subdivision 1, is amended to read:

Subdivision 1. **REPORTS.** (a) The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by ~~February~~ January 1 of each odd-numbered year on the following:

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(1) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital investment projects enacted more than four years before ~~February~~ January 1 of that odd-numbered year; the projects authorized to be acquired and constructed for which less than 100 percent of the authorized total cost has been expended, encumbered, or otherwise obligated; the cost of contracts to be let in accordance with existing plans and specifications shall be considered expended for this report; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these projects; and

(2) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital programs or projects other than those described in clause (1), enacted more than four years before ~~February~~ January 1 of that odd-numbered year; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these programs and projects.

(b) The commissioner shall also report on general fund appropriations for capital projects, bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the money was appropriated or bonds were authorized or issued have been canceled, completed, or otherwise concluded. The general fund appropriations, bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.

Sec. 39. Minnesota Statutes 2002, section 16B.24, subdivision 5, is amended to read:

Subd. 5. **RENTING OUT STATE PROPERTY.** (a) **AUTHORITY.** The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) **RESTRICTIONS.** Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) **FORT SNELLING CHAPEL; RENTAL.** The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment

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of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) **RENTAL OF LIVING ACCOMMODATIONS.** The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) **LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.** The commissioner may lease portions of the state-owned buildings in the capitol complex, the capitol square building, the health building, the Duluth government center, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated account in a special revenue fund. Fifty percent of the money credited to the account each fiscal year must be transferred to the general fund. The remaining money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 40. Minnesota Statutes 2002, section 16B.35, subdivision 1, is amended to read:

Subdivision 1. **PERCENT OF APPROPRIATIONS FOR ART.** An appropriation for the construction or alteration of any state building may contain an amount not to exceed the lesser of \$100,000 or one percent of the total appropriation for the building for the acquisition of works of art, excluding landscaping, which may be an integral part of the building or its grounds, attached to the building or grounds or capable of being displayed in other state buildings. If the appropriation for works of art is limited by the \$100,000 cap in this section, the appropriation for the construction or alteration of the building must be reduced to reflect the reduced amount that will be spent on works of art. Money used for this purpose is available only for the acquisition of works of art to be exhibited in areas of a building or its grounds accessible, on a regular basis, to members of the public. No more than ten percent of the total amount available each fiscal year under this subdivision may be used for administrative expenses, either by the commissioner of administration or by any other entity to whom

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the commissioner delegates administrative authority. For the purposes of this section "state building" means a building the construction or alteration of which is paid for wholly or in part by the state.

Sec. 41. Minnesota Statutes 2002, section 16B.465, subdivision 1a, is amended to read:

Subd. 1a. **CREATION.** Except as provided in subdivision 4, the commissioner, through the state information infrastructure, shall arrange for the provision of voice, data, video, and other telecommunications transmission services to state agencies. The state information infrastructure may also serve educational institutions, including public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17, nonpublic, church or religious organization schools that provide instruction in compliance with sections 120A.22, 120A.24, and 120A.41, and private colleges; public corporations; Indian tribal governments; ~~and state political subdivisions; and public noncommercial educational television broadcast stations as defined in section 129D.12, subdivision 2.~~ It is not a telephone company for purposes of chapter 237. The commissioner may purchase, own, or lease any telecommunications network facilities or equipment after first seeking bids or proposals and having determined that the private sector cannot, will not, or is unable to provide these services, facilities, or equipment as bid or proposed in a reasonable or timely fashion consistent with policy set forth in this section. The commissioner shall not resell or sublease any services or facilities to nonpublic entities except to serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective telecommunications transmission services to state information infrastructure users consistent with the policy set forth in this section.

Sec. 42. Minnesota Statutes 2002, section 16B.465, subdivision 7, is amended to read:

Subd. 7. **EXEMPTION.** The system is exempt from the five-year limitation on contracts set by sections 16C.05, subdivision 2, paragraph ~~(a)~~, ~~clause (5)~~ (b), 16C.08, subdivision 3, clause ~~(7)~~ (5), and 16C.09, clause (6).

Sec. 43. Minnesota Statutes 2002, section 16B.47, is amended to read:

#### 16B.47 MICROGRAPHICS.

The commissioner ~~shall~~ may provide micrographics services and products to meet agency needs. Within available resources, the commissioner may also provide micrographic services to political subdivisions. Agency plans and programs for micrographics must be submitted to and receive the approval of the commissioner prior to implementation. Upon the commissioner's approval, subsidiary or independent microfilm operations may be implemented in other state agencies. The commissioner may direct that copies of official state documents be distributed to official state depositories on microfilm.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

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Sec. 44. Minnesota Statutes 2002, section 16B.48, subdivision 2, is amended to read:

Subd. 2. **PURPOSE OF FUNDS.** Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) ~~to operate a central duplication and printing service;~~
- (3) to operate the central mailing service, including purchasing postage and related items and refunding postage deposits;
- (4) (3) to operate a documents service as prescribed by section 16B.51;
- (5) (4) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- (6) (5) to operate a materials handling service, including interagency mail and product delivery, solid waste removal, courier service, equipment rental, and vehicle and equipment maintenance;
- (7) (6) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;
- (8) (7) to operate a records center and provide micrographics products and services; and
- (9) (8) to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 45. Minnesota Statutes 2002, section 16C.02, subdivision 6, is amended to read:

Subd. 6. **CONTRACT.** "Contract" means any written instrument or electronic document containing the elements of offer, acceptance, and consideration to which an agency is a party, including an amendment to or extension of a contract.

Sec. 46. Minnesota Statutes 2002, section 16C.03, is amended by adding a subdivision to read:

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Subd. 17. CONTRACT EXTENSION. The term of a contract may be extended for a time longer than the time specified in this chapter, up to a total term of ten years, if the commissioner, in consultation with the commissioner of finance, determines that the contractor will incur upfront costs under the contract that cannot be recovered within a two-year period and that will provide cost savings to the state and that these costs will be amortized over the life of the contract.

**Sec. 47. [16C.045] REPORTING OF VIOLATIONS.**

A state employee who discovers evidence of violation of laws or rules governing state contracts is encouraged to report the violation or suspected violation to the employee's supervisor, the commissioner or the commissioner's designee, or the legislative auditor. The legislative auditor must report to the legislative audit commission if there are multiple complaints about the same agency. The auditor's report to the legislative audit commission under this section must disclose only the number and type of violations alleged. An employee making a good faith report under this section is covered by section 181.932, prohibiting the employer from discriminating against the employee.

Sec. 48. Minnesota Statutes 2002, section 16C.05, subdivision 2, is amended to read:

**Subd. 2. CREATION AND VALIDITY OF CONTRACTS.** (a) A contract is not valid and the state is not bound by it and no agency, without the prior written approval of the commissioner granted pursuant to subdivision 2a, may authorize work to begin on it unless:

(1) it has first been executed by the head of the agency or a delegate who is a party to the contract;

(2) it has been approved by the commissioner; and

(3) it has been approved by the attorney general or a delegate as to form and execution;

(4) the accounting system shows an obligation in an expense budget or encumbrance for the amount of the contract liability; and

~~(5)~~ (b) The combined contract and amendments ~~shall~~ must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

(b) (c) Grants, interagency agreements, purchase orders, work orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the signature of the commissioner and/or the attorney general. A signature is not required for work orders and amendments to work orders related to department of transportation contracts. Bond purchase agreements by the Minnesota public facilities authority do not require the approval of the commissioner.

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(e) (d) Amendments to contracts must entail tasks that are substantially similar to those in the original contract or involve tasks that are so closely related to the original contract that it would be impracticable for a different contractor to perform the work. The commissioner or an agency official to whom the commissioner has delegated contracting authority under section 16C.03, subdivision 16, must determine that an amendment would serve the interest of the state better than a new contract and would cost no more.

(e) A fully executed copy of every contract, amendments to the contract, and performance evaluations relating to the contract must be kept on file at the contracting agency for a time equal to that specified for contract vendors and other parties in subdivision 5.

(f) The attorney general must periodically review and evaluate a sample of state agency contracts to ensure compliance with laws.

Sec. 49. Minnesota Statutes 2002, section 16C.05, is amended by adding a subdivision to read:

Subd. 2a. **EMERGENCY AUTHORIZATION.** The commissioner may grant an agency approval to authorize work to begin on a contract prior to the full execution of the contract in the event of an emergency as defined in section 16C.10, subdivision 2.

Sec. 50. Minnesota Statutes 2002, section 16C.06, subdivision 1, is amended to read:

Subdivision 1. **PUBLICATION REQUIREMENTS.** Notices of solicitations for acquisitions estimated to be more than \$25,000, or \$100,000 in the case of a department of transportation acquisition, must be publicized in a manner designated by the commissioner. To the extent practical, this must include posting on a state Web site.

Sec. 51. Minnesota Statutes 2002, section 16C.08, subdivision 2, is amended to read:

Subd. 2. **DUTIES OF CONTRACTING AGENCY.** (a) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must certify to the commissioner that provide the following:

(1) a description of how the proposed contract or amendment is necessary and reasonable to advance the statutory mission of the agency;

(2) a description of the agency's plan to notify firms or individuals who may be available to perform the services called for in the solicitation; and

(3) a description of the performance measures or other tools that will be used to monitor and evaluate contract performance.

(b) In addition to paragraph (a), the agency must certify that:

(1) no current state employee is able and available to perform the services called for by the contract;

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(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

(3) the contractor has certified that the product of the services will be original in character;

(4) reasonable efforts were will be made to publicize the availability of the contract to the public;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract, if applicable;

(6) (4) the agency has ~~developed~~, will develop and fully intends to implement, a written plan providing for the assignment of specific agency personnel to manage the contract, including a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and

(7) (5) the agency will not allow the contractor to begin work before the contract is fully executed unless an exception under section 16C.05, subdivision 2a, has been granted by the commissioner and funds are fully encumbered;

(6) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract; and

(7) in the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function.

(c) A contract establishes an employment relationship for purposes of paragraph (b), clause (6), if, under federal laws governing the distinction between an employee and an independent contract, a person would be considered an employee.

Sec. 52. Minnesota Statutes 2002, section 16C.08, subdivision 3, is amended to read:

Subd. 3. **PROCEDURE FOR PROFESSIONAL OR TECHNICAL SERVICES CONTRACTS.** Before approving a proposed contract for professional or technical services, the commissioner must determine, at least, that:

(1) all provisions of subdivision 2 and section 16C.16 have been verified or complied with;

(2) the agency has demonstrated that the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

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(4) the contractor and agents are not employees of the state;

(5) ~~no agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;~~

(6) (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) (5) the combined contract and amendments will not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

Sec. 53. Minnesota Statutes 2002, section 16C.08, subdivision 4, is amended to read:

Subd. 4. **REPORTS.** (a) The commissioner shall submit to the governor, the chairs of the house ways and means and senate finance committees, and the legislative reference library a yearly listing of all contracts for professional or technical services executed. The report must identify the contractor, contract amount, duration, and services to be provided. The commissioner shall also issue yearly reports summarizing the contract review activities of the department by fiscal year.

(b) The fiscal year report must be submitted by September 1 of each year and must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being extended;

(4) state the termination date of each contract; and

(5) identify services by commodity code, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract over ~~\$40,000~~ \$50,000 covered by this subdivision, the head of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently be accompanied by the performance evaluation prepared according to subdivision 4a.

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Sec. 54. Minnesota Statutes 2002, section 16C.08, is amended by adding a subdivision to read:

Subd. 4a. PERFORMANCE EVALUATION. Upon completion of a professional or technical services contract, an agency entering into the contract must complete a written performance evaluation of the work done under the contract. The evaluation must include an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract. Contractors may request copies of evaluations prepared under this subdivision and may respond in writing. Contractor responses must be maintained with the contract file.

**Sec. 55. [16C.085] WAIVER.**

Notwithstanding sections 16C.08, 16C.09, 43A.047, or other law to the contrary, the commissioner of administration may enter into or approve a service contract for printing services or services provided by the DocuComm division without determining that no current state employee is able and available to perform the services called for by the contract.

Sec. 56. Minnesota Statutes 2002, section 16C.10, subdivision 7, is amended to read:

Subd. 7. REVERSE AUCTION. (a) For the purpose of this subdivision, "reverse auction" means a purchasing process in which vendors compete to provide goods or engineering design or computer services at the lowest selling price in an open and interactive environment.

(b) The provisions of section 16C.06, subdivisions 2 and 3, do not apply when the commissioner determines that a reverse auction is the appropriate purchasing process.

Sec. 57. Minnesota Statutes 2002, section 16D.08, subdivision 2, is amended to read:

Subd. 2. POWERS. (a) In addition to the collection remedies available to private collection agencies in this state, the commissioner, with legal assistance from the attorney general, may utilize any statutory authority granted to a referring agency for purposes of collecting debt owed to that referring agency. The commissioner may also delegate to the enterprise use the tax collection remedies in sections 270.06, clauses (7) and (17), excluding the power to subpoena witnesses; 270.66; 270.67, subdivisions 2 and 4, 270.69, excluding subdivisions 7 and 13; 270.70, excluding subdivision 14; 270.7001 to 270.72; and 290.92, subdivision 23, except that a continuous wage levy under section 290.92, subdivision 23, is only effective for 70 days, unless no competing wage garnishments, executions, or levies are served within the 70-day period, in which case a wage levy is continuous until a competing garnishment, execution, or levy is served in the second or a succeeding 70-day period, in which case a continuous wage levy is effective for the remainder of that period. A debtor may take advantage of any administrative or appeal rights contained in the listed sections. For administrative and appeal rights for nontax debts, references to administrative appeals or to the taxpayer rights advocate shall be construed to be references to the case reviewer, references to

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tax court shall be construed to mean district court, and offers in compromise shall be submitted to the referring agency. A debtor who qualifies for cancellation of collection costs under section 16D.11, subdivision 3, clause (1), can apply to the commissioner for reduction or release of a continuous wage levy, if the debtor establishes that the debtor needs all or a portion of the wages being levied upon to pay for essential living expenses, such as food, clothing, shelter, medical care, or expenses necessary for maintaining employment. The commissioner's determination not to reduce or release a continuous wage levy is appealable to district court. The word "tax" or "taxes" when used in the tax collection statutes listed in this subdivision also means debts referred under this chapter.

(b) For debts other than state taxes, child support, or student loans, before any of the tax collection remedies listed in this subdivision can be used, except for the remedies in section 270.06, clauses (7) and (17), if the referring agency has not already obtained a judgment or filed a lien, the commissioner must first obtain a judgment against the debtor. For student loans when the referring agency has not obtained a judgment or filed a lien, Before using the tax collection remedies listed in this subdivision, except for the remedies in section 270.06, clauses (7) and (17), the commissioner shall give the debtor 30 days' notice in writing, which may be served in any manner permitted in section 270.68 for service of a summons and complaint. The notice must advise the debtor of the debtor's right to request that the commissioner commence a court action, and that if no such request is made within 30 days after service of the notice, the commissioner may use these tax collection remedies. If a timely request is made, the commissioner shall obtain a judgment before using these tax collection remedies. notice and demand for payment of the amount due must be given to the person liable for the payment or collection of the debt at least 30 days prior to the use of the remedies. The notice must be sent to the person's last known address and must include a brief statement that sets forth in simple and nontechnical terms the amount and source of the debt, the nature of the available collection remedies, and remedies available to the debtor.

**EFFECTIVE DATE.** This section is effective the day following final enactment for all debts referred, whether referred prior to, on, or after the day following final enactment.

Sec. 58. Minnesota Statutes 2002, section 16E.01, subdivision 3, is amended to read:

Subd. 3. **DUTIES.** (a) The office shall:

(1) coordinate the efficient and effective use of available federal, state, local, and private resources to develop statewide information and communications technology and its infrastructure;

(2) review state agency and intergovernmental information and communications systems development efforts involving state or intergovernmental funding, including federal funding, provide information to the legislature regarding projects reviewed, and

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recommend projects for inclusion in the governor's budget under section 16A.11;

(3) encourage cooperation and collaboration among state and local governments in developing intergovernmental communication and information systems, and define the structure and responsibilities of the information policy council;

(4) cooperate and collaborate with the legislative and judicial branches in the development of information and communications systems in those branches;

(5) continue the development of North Star, the state's official comprehensive online service and information initiative;

(6) promote and collaborate with the state's agencies in the state's transition to an effectively competitive telecommunications market;

(7) collaborate with entities carrying out education and lifelong learning initiatives to assist Minnesotans in developing technical literacy and obtaining access to ongoing learning resources;

(8) promote and coordinate public information access and network initiatives, consistent with chapter 13, to connect Minnesota's citizens and communities to each other, to their governments, and to the world;

(9) promote and coordinate electronic commerce initiatives to ensure that Minnesota businesses and citizens can successfully compete in the global economy;

(10) promote and coordinate the regular and periodic reinvestment in the core information and communications technology infrastructure so that state and local government agencies can effectively and efficiently serve their customers;

(11) facilitate the cooperative development of standards for information systems, electronic data practices and privacy, and electronic commerce among international, national, state, and local public and private organizations; and

(12) work with others to avoid unnecessary duplication of existing services provided by other public and private organizations while building on the existing governmental, educational, business, health care, and economic development infrastructures.

(b) The commissioner of administration in consultation with the commissioner of finance may determine that it is cost-effective for agencies to develop and use shared information and communications technology systems for the delivery of electronic government services. This determination may be made if an agency proposes a new system that duplicates an existing system, a system in development, or a system being proposed by another agency. The commissioner of administration shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to agencies and other governmental entities sufficient to cover the actual development, operating, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

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Sec. 59. Minnesota Statutes 2002, section 16E.07, subdivision 9, is amended to read:

Subd. 9. **AGGREGATION OF SERVICE DEMAND.** The office shall identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of chapters 16B and 16C, except sections 16C.04, ~~16C.07~~, 16C.08, and 16C.09.

Sec. 60. Minnesota Statutes 2002, section 43A.17, subdivision 9, is amended to read:

Subd. 9. **POLITICAL SUBDIVISION COMPENSATION LIMIT.** (a) The salary and the value of all other forms of compensation of a person employed by a statutory or home rule charter city, county, town, metropolitan or regional agency, or ~~other~~ political subdivision of this state, excluding a school district, or employed under section 422A.03, may not exceed 95 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation.

(c) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D.

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or D.O. degree is excluded from the limitation in this subdivision.

(d) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the legislative coordinating commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have recommended approval made no recommendation.

**Sec. 61. [43A.311] DRUG PURCHASING PROGRAM.**

The commissioner of employee relations, in conjunction with the commissioner of human services and other state agencies, shall evaluate whether participation in a multistate or multiagency drug purchasing program can reduce costs or improve the operations of the drug benefit programs administered by the department and other state agencies. The commissioner and other state agencies may enter into a contract with a vendor or other states for purposes of participating in a multistate or multiagency drug purchasing program.

Sec. 62. Minnesota Statutes 2002, section 69.772, subdivision 2, is amended to read:

Subd. 2. **DETERMINATION OF ACCRUED LIABILITY.** Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active or ~~deferred~~ member of the relief association, calculated individually using the following table:

Cumulative Year .....	Accrued Liability .....
1	\$ 60
2	124
3	190
4	260
5	334
6	410
7	492
8	576

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9	666
10	760
11	858
12	962
13	1070
14	1184
15	1304
16	1428
17	1560
18	1698
19	1844
20	2000
21 and thereafter	100 additional per year

As set forth in the table the accrued liability for each member ~~or deferred member~~ of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active ~~or deferred~~ member is determined by multiplying the accrued liability from the chart by the ratio of the lump sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service. If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active ~~or deferred~~ member of the relief association.

To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

Sec. 63. Minnesota Statutes 2002, section 115A.929, is amended to read:

**115A.929 FEES; ACCOUNTING.**

Each political subdivision that provides for solid waste management shall account for all revenue collected from waste management fees, together with interest earned on revenue from the fees, separately from other revenue collected by the political subdivision and shall report revenue collected from the fees and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. Each political subdivision must file with the director, on or before June 30 annually, the separate report of all revenue collected from waste management fees, together with interest on revenue from the fees, for the previous year. For the purposes of this section, "waste management fees" means:

(1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;

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(2) all tipping fees collected at waste management facilities owned or operated by the political subdivision;

(3) all charges imposed by the political subdivision for waste collection and management services; and

(4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the political subdivision.

Sec. 64. Minnesota Statutes 2002, section 116J.8771, is amended to read:

**116J.8771 WAIVER.**

The capital access program is exempt from section 16C.05, subdivision 2, paragraph (a), clause (5) (b).

Sec. 65. Minnesota Statutes 2002, section 197.608, is amended to read:

**197.608 VETERANS SERVICE OFFICE GRANT PROGRAM.**

Subdivision 1. **GRANT PROGRAM.** A veterans service office grant program is established to be administered by the commissioner of veterans affairs consisting of grants to counties to enable them to enhance the effectiveness of their veterans service offices.

Subd. 2. **RULE DEVELOPMENT.** The commissioner of veterans affairs shall consult with the Minnesota association of county veterans service officers in formulating rules to implement the grant program.

Subd. 2a. **GRANT CYCLE.** Counties may become eligible to receive grants on a three-year rotating basis according to a schedule to be developed and announced in advance by the commissioner. The schedule must list no more than one-third of the counties in each year of the three-year cycle. A county may be considered for a grant only in the year of its listing in the schedule.

Subd. 3. **ELIGIBILITY.** (a) To be eligible for a grant under this program, a county must:

(1) employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner of veterans affairs;

(2) submit a written plan for the proposed expenditures to enhance the functioning of the county veterans service office in accordance with the program rules; and

(3) apply for the grant according to procedures to be established for this program by the commissioner and receive written approval from the commissioner for the grant in advance of making the proposed expenditures.

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(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the commissioner is eligible to receive a grant under subdivision 2a.

(c) Except for the situation described in paragraph (b), a county whose veterans service officer does not receive certification during any year of the three-year cycle is not eligible to receive a grant during the remainder of that cycle or the next three-year cycle.

**Subd. 4. GRANT APPLICATION PROCESS.** (a) A grant application must be submitted to the department of veterans affairs according to procedures to be established by the commissioner. The grant application must include a specific description of the plan for enhancing the operation of the county veterans service office. The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the county veterans service office.

(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant application only if it meets the criteria for eligibility as established and announced by the commissioner for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant. The commissioner may request modification of a plan. If the commissioner rejects a grant application, written reasons for the rejection must be provided to the applicant county and the county may modify the application and resubmit it.

**Subd. 5. QUALIFYING USES.** The commissioner of veterans affairs shall determine whether the plan specified in the grant application will enable the applicant county to enhance the effectiveness of its county veterans office.

Notwithstanding subdivision 3, clause (1), a county may apply for and use a grant for the training and education required by the commissioner for a newly employed county veterans service officer's certificate, or for the continuing education of other staff consult with the Minnesota association of county veterans service officers in developing a list of qualifying uses for grants awarded under this program.

**Subd. 6. GRANT AMOUNT.** The amount of each grant must be determined by the commissioner of veterans affairs, and may not exceed the lesser of:

(1) the amount specified in the grant application to be expended on the plan for enhancing the effectiveness of the county veterans service office; or

(2) the county's share of the total funds available under the program, determined in the following manner:

(i) (1) \$1,400, if the county's veteran population is less than 1,000; the county's grant share shall be \$2,000;

(ii) (2) \$2,800, if the county's veteran population is 1,000 or more but less than 3,000; the county's grant share shall be \$4,000;

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(iii) (3) \$4,200, if the county's veteran population is 3,000 or more but less than 10,000; the county's grant share shall be \$6,000; or

(iv) (4) \$5,600, if the county's veteran population is 10,000 or more; the county's grant share shall be \$8,000.

In any year, only one-half of the counties in each of the four veteran population categories (i) to (iv) may be awarded grants. Grants shall be awarded on a first-come first-served basis to counties submitting applications which meet the commissioner's criteria as established in the rules. Any county not receiving a grant in any given year shall receive priority consideration for a grant the following year.

In any year, after a period of time to be determined by the commissioner, any amounts remaining from undistributed county grant shares may be reallocated to the other counties which have submitted qualifying application.

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Subd. 7. RECAPTURE. If a county fails to use the grant for the qualified use approved by the commissioner, the commissioner shall seek recovery of the grant from the county and the county must repay the grant amount.

Sec. 66, Minnesota Statutes 2002, section 237.49, is amended to read:

#### 237.49 COMBINED LOCAL ACCESS SURCHARGE.

Each local telephone company shall collect from each subscriber an amount per telephone access line representing the total of the surcharges required under sections 237.52, 237.70, and 403.11. Amounts collected must be remitted to the department of administration commissioner of public safety in the manner prescribed in section 403.11. The department of administration commissioner of public safety shall divide the amounts received proportional to the individual surcharges and deposit them in the appropriate accounts. The commissioner of public safety may recover from the agencies receiving the surcharges the personnel and administrative costs to collect and distribute the surcharge. A company or the billing agent for a company shall list the surcharges as one amount on a billing statement sent to a subscriber.

Sec. 67, Minnesota Statutes 2002, section 237.52, subdivision 3, is amended to read:

Subd. 3. **COLLECTION.** Every telephone company or communications carrier that provides service capable of originating a telecommunications relay call, including cellular communications and other nonwire access services, in this state shall collect the charges established by the commission under subdivision 2 and transfer amounts collected to the commissioner of administration public safety in the same manner as provided in section 403.11, subdivision 1, paragraph (d). The commissioner of administration public safety must deposit the receipts in the fund established in subdivision 1.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 68. Minnesota Statutes 2002, section 237.701, subdivision 1, is amended to read:

Subdivision 1. **FUND CREATED; AUTHORIZED EXPENDITURES.** The telephone assistance fund is created as a separate account in the state treasury to consist of amounts received by the ~~department of administration~~ commissioner of public safety representing the surcharge authorized by section 237.70, subdivision 6, and amounts earned on the fund assets. Money in the fund may be used only for:

(1) reimbursement to telephone companies for expenses and credits allowed in section 237.70, subdivision 7, paragraph (d), clause (5);

(2) reimbursement of the administrative expenses of the department of human services to implement sections 237.69 to 237.71, not to exceed \$314,000 annually;

(3) reimbursement of the administrative expenses of the commission not to exceed \$25,000 annually; and

(4) reimbursement of the statewide indirect cost of the commission.

Sec. 69. Minnesota Statutes 2002, section 240.03, is amended to read:

**240.03 COMMISSION POWERS AND DUTIES.**

The commission has the following powers and duties:

(1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;

(2) to issue licenses as provided in this chapter;

(3) to enforce all laws and rules governing horse racing;

(4) to collect and distribute all taxes provided for in this chapter;

(5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;

(6) to supervise the conduct of pari-mutuel betting on horse racing;

(7) to employ and supervise personnel under this chapter;

(8) to determine the number of racing days to be held in the state and at each licensed racetrack; and

(9) to take all necessary steps to ensure the integrity of racing in Minnesota; and

(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of finance may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

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Sec. 70. Minnesota Statutes 2002, section 240.10, is amended to read:

**240.10 LICENSE FEES.**

The fee for a class A license is ~~\$10,000~~ \$253,000 per year and must be remitted on July 1. The fee for a class B license is ~~\$100~~ \$500 for each assigned racing day ~~on which racing is actually conducted~~, and ~~\$50~~ \$100 for each day on which simulcasting is authorized and actually takes place, plus ~~\$10,000~~ per year if the class B license includes authorization to operate a card club must be remitted on July 1. Included herein are all days assigned to be conducted after January 1, 2003. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

~~License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.~~

Sec. 71. Minnesota Statutes 2002, section 240.15, subdivision 6, is amended to read:

Subd. 6. **DISPOSITION OF PROCEEDS; ACCOUNT.** The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, ~~as follows:~~ according to this subdivision. All money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by full racing card simulcasts must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues ~~Taxes received under this section by the commission, and all license fees, fines, and other revenue it receives, and fines collected under section 240.22 must be paid to the state treasurer for deposit in the general fund. All revenues from licenses and other fees imposed by the commission must be deposited in the state treasury and credited to a racing and card playing regulation account in the special revenue fund. Receipts in this account are available for the operations of the commission up to the amount authorized in biennial appropriations from the legislature.~~

Sec. 72. Minnesota Statutes 2002, section 240.155, subdivision 1, is amended to read:

Subdivision 1. **REIMBURSEMENT ACCOUNT CREDIT.** Money received by the commission as reimbursement for the costs of services provided by ~~assistant~~ veterinarians, stewards, and medical testing of horses must be deposited in the state

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treasury and credited to a racing reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 73. Minnesota Statutes 2002, section 240A.03, subdivision 10, is amended to read:

Subd. 10. **USE AGREEMENTS AND FEES.** The commission may lease, license, or enter into agreements and may fix, alter, charge, and collect rentals, fees, and charges to persons for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control. Fees charged by the commission are not subject to section 16A.1285. The commission may also impose other fees it deems appropriate with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of finance may grant interim approval of the fees, until such time as the legislature reconvenes and acts upon the fees. A use agreement may provide that the other contracting party has exclusive use of the premises at the times agreed upon.

Sec. 74. Minnesota Statutes 2002, section 240A.04, is amended to read:

**240A.04 PROMOTION AND DEVELOPMENT OF AMATEUR SPORTS.**

In addition to the powers and duties granted under section 240A.03, the commission ~~shall~~ may:

- (1) promote the development of olympic training centers;
- (2) promote physical fitness by promoting participation in sports;
- (3) develop, foster, and coordinate physical fitness services and programs;
- (4) sponsor amateur sport workshops, clinics, and conferences;
- (5) provide recognition for outstanding developments, achievements, and contributions to amateur sports;
- (6) stimulate and promote amateur sport research;
- (7) collect, disseminate, and communicate amateur sport information;
- (8) promote amateur sport and physical fitness programs in schools and local communities;
- (9) develop programs to promote personal health and physical fitness by participation in amateur sports in cooperation with medical, dental, sports medicine, and similar professional societies;
- (10) promote the development of recreational amateur sport opportunities and activities in the state, including the means of facilitating acquisition, financing,

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construction, and rehabilitation of sports facilities for the holding of amateur sporting events;

(11) promote national and international amateur sport competitions and events;

(12) sanction or sponsor amateur sport competition;

(13) take membership in regional or national amateur sports associations or organizations; and

(14) promote the mainstreaming and normalization of people with physical disabilities and visual and hearing impairments in amateur sports.

Sec. 75. Minnesota Statutes 2002, section 240A.06, subdivision 1, is amended to read:

Subdivision 1. **SPONSORSHIP REQUIRED.** The commission shall may sponsor and sanction a series of statewide amateur athletic games patterned after the winter and summer Olympic Games, with variations as required by facilities, equipment, and expertise, and as necessary to include people with physical disabilities and visual and hearing impairments. The games may be held annually beginning in 1989, if money and facilities are available, unless the time of the games would conflict with other sporting events as the commission determines.

Sec. 76. Minnesota Statutes 2002, section 256B.435, subdivision 2a, is amended to read:

Subd. 2a. **DURATION AND TERMINATION OF CONTRACTS.** (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph ~~(a)~~ (b), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

Sec. 77. Minnesota Statutes 2002, section 268.186, is amended to read:

268.186 **RECORDS.**

(a) Each employer shall keep true and accurate records for the periods of time and containing the information the commissioner may require. For the purpose of

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administering this chapter, the commissioner has the power to examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are relevant, whether the books, correspondence, papers, records, or memoranda are the property of or in the possession of the employer or any other person at any reasonable time and as often as may be necessary.

(b) The commissioner may make summaries, compilations, photographs, duplications, or reproductions of any records, or reports that the commissioner considers advisable for the preservation of the information contained therein. Any summaries, compilations, photographs, duplications, or reproductions shall be admissible in any proceeding under this chapter. ~~Regardless of any restrictions contained in section 46B.50,~~ The commissioner may duplicate records, reports, summaries, compilations, instructions, determinations, or any other written or recorded matter pertaining to the administration of this chapter.

(c) Regardless of any law to the contrary, the commissioner may provide for the destruction of any records, reports, or reproductions thereof, or other papers, that are more than two years old, and that are no longer necessary for determining employer liability or an applicant's unemployment benefit rights or for the administration of this chapter, including any required audit. The commissioner may provide for the destruction or disposition of any record, report, or other paper that has been photographed, duplicated, or reproduced.

Sec. 78. Minnesota Statutes 2002, section 270.052, is amended to read:

**270.052 AGREEMENT WITH INTERNAL REVENUE SERVICE.**

Pursuant to section 270B.12, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department of revenue and liabilities owing to the Internal Revenue Service. In accordance with the procedures established in the agreement, the Internal Revenue Service may levy against the refunds to be paid by the department of revenue. For each refund levied upon, the commissioner shall first deduct from the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the department of revenue recapture revolving fund under section 270A.07, subdivision 1.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 79. Minnesota Statutes 2002, section 270.44, is amended to read:

**270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.**

~~The board may establish reasonable fees or charges for courses, examinations or materials, the proceeds of which shall be used to finance the activities and operation of the board.~~ shall charge the following fees:

- (1) \$105 for a senior accredited Minnesota assessor license;
- (2) \$80 for an accredited Minnesota assessor license;

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- (3) \$65 for a certified Minnesota assessor specialist license;
- (4) \$55 for a certified Minnesota assessor license;
- (5) \$50 for a course challenge examination;
- (6) \$35 for grading a form appraisal;
- (7) \$60 for grading a narrative appraisal;
- (8) \$30 for a reinstatement fee;
- (9) \$25 for a record retention fee;
- (10) \$20 for an educational transcript; and
- (11) \$30 for all retests of board-sponsored educational courses.

**EFFECTIVE DATE.** This section is effective for license terms beginning on or after July 1, 2004, and for all other fees imposed on or after July 1, 2004.

Sec. 80. Minnesota Statutes 2002, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. **NOTIFICATION REQUIREMENT.** Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3.

For each setoff of a debt against a refund due, the commissioner shall charge a fee of ~~\$10~~ \$15. The proceeds of fees shall be allocated by depositing ~~\$2.55~~ \$4 of each ~~\$10~~ \$15 fee collected into a department of revenue recapture revolving fund and depositing the remaining balance into the general fund. The sums deposited into the revolving fund are appropriated to the commissioner for the purpose of administering the Revenue Recapture Act.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.

**EFFECTIVE DATE.** This section is effective for refund setoffs after June 30, 2003.

Sec. 81. Minnesota Statutes 2002, section 289A.08, subdivision 16, is amended to read:

Subd. 16. **TAX REFUND OR RETURN PREPARERS; ELECTRONIC FILING; PAPER FILING FEE IMPOSED.** (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision 13, paragraph (g), who prepared more than 500 Minnesota individual income tax returns for the prior calendar year must file all Minnesota individual income tax returns prepared for the current calendar year by electronic means.

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(b) For tax returns prepared for the tax year beginning in 2001, the "500" in paragraph (a) is reduced to 250.

(c) For tax returns prepared for tax years beginning after December 31, 2001, the "500" in paragraph (a) is reduced to 100.

(d) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

(e) For each return that is not filed electronically by a tax refund or return preparer under this subdivision, including returns filed under paragraph (d), a paper filing fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same manner as income tax.

**EFFECTIVE DATE.** This section is effective for returns filed for tax years beginning after December 31, 2002.

Sec. 82. Minnesota Statutes 2002, section 306.95, is amended to read:

#### 306.95 DUTIES OF THE COUNTY AUDITOR.

Subdivision 1. **NOTIFICATION OF STATE AUDITOR.** Any county auditor finding evidence of violations of this chapter when reviewing reports or bonds filed by any person, firm, partnership, association, or corporation operating a cemetery, mausoleum, or columbarium must notify the state auditor's office county attorney in a timely manner of such finding.

Subd. 2. **ANNUAL LETTER.** Every county auditor must file an annual letter by May 31 with the state auditor's office county attorney disclosing whether the county auditor has detected any indications of violations of this chapter in the reports or bonds which were filed or should have been filed. If the county auditor has not detected from the information supplied to the county auditor any such indications, that fact must be reported to the state auditor county attorney in the annual letter.

#### Sec. 83. [326.992] **BOND REQUIREMENT; GAS, HEATING, VENTILATION, AIR CONDITIONING, REFRIGERATION (G/HVACR) CONTRACTORS.**

(a) A person contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning, or refrigeration work must give bond to the state in the amount of \$25,000 for all work entered into within the state. The bond must be for the benefit of persons suffering financial loss by reason of the contractor's failure to comply with the requirements of the State Mechanical Code. A bond given to the state must be filed with the commissioner of administration and is in lieu of all other bonds to any political subdivision required for work covered by this section. The bond must be written by a corporate surety licensed to do business in the state.

(b) The commissioner of administration may charge each person giving bond under this section an annual bond filing fee of \$15. The money must be deposited in

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a special revenue fund and is appropriated to the commissioner to cover the cost of administering the bond program.

Sec. 84. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 11a. **DISTRIBUTOR SALESPERSON.** “Distributor salesperson” means a person who in any manner receives orders for gambling equipment or who solicits a licensed, exempt, or excluded organization to purchase gambling equipment from a licensed distributor.

Sec. 85. Minnesota Statutes 2002, section 349.12, subdivision 25, is amended to read:

Subd. 25. **LAWFUL PURPOSE.** (a) “Lawful purpose” means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or color guard unit for activities conducted within the state;

(ii) members of an organization solely for services performed by the members at funeral services; or

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(iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to \$35 per occasion;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code, not to exceed:

(i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and

(ii) \$35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of the reasonable costs of an audit required in section 297E.06, subdivision 4, provided the annual audit is filed in a timely manner with the department of revenue;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made;

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails and all-terrain vehicle trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose; or

(15) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;

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(16) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;

(17) payment of heat, water, sanitation, telephone, and other utility bills for a building owned or leased by, and used as the primary headquarters of, a veterans organization; or

(18) expenditure by a veterans organization of up to \$5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service; or

(19) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced; or (v) with respect to an expenditure to bring an existing building into compliance with the Americans with Disabilities Act under item (ii), an organization has the option to apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act;

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(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 86. Minnesota Statutes 2002, section 349.151, subdivision 4, is amended to read:

Subd. 4. **POWERS AND DUTIES.** (a) The board has the following powers and duties:

(1) to regulate lawful gambling to ensure it is conducted in the public interest;

(2) to issue licenses to organizations, distributors, distributor salespersons, bingo halls, manufacturers, and gambling managers;

(3) to collect and deposit license, permit, and registration fees due under this chapter;

(4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;

(5) to make rules authorized by this chapter;

(6) to register gambling equipment and issue registration stamps;

(7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

(9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, ~~employees eligible to make sales on behalf of a distributor~~ salespersons, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule or order of the board;

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

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(11) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, distributor salespersons, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register employees of organizations licensed to conduct lawful gambling;

(14) to require fingerprints from persons determined by board rule to be subject to fingerprinting;

(15) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;

(16) to order organizations, distributors, distributor salespersons, manufacturers, bingo halls, and gambling managers to take corrective actions; and

(17) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, employee eligible to make sales on behalf of a distributor, manufacturer, bingo hall licensee, or gambling manager a civil penalty of not more than \$500 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. Any organization, distributor, bingo hall licensee, gambling manager, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the Administrative Procedure Act.

(c) All fees and penalties received by the board must be deposited in the general fund.

(d) All fees imposed by the board under sections 349.16 to 349.165 must be deposited in the state treasury and credited to a lawful gambling regulation account in the special revenue fund. Receipts in this account are available for the operations of the board up to the amount authorized in biennial appropriations from the legislature.

Sec. 87. Minnesota Statutes 2002, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. **PULL-TAB SALES FROM DISPENSING DEVICES.** (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three; and

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt

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beverages; or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older.

(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.

(d) ~~The director may charge a manufacturer a fee of up to \$5,000 per pull-tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull-tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull-tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.~~

Sec. 88. Minnesota Statutes 2002, section 349.155, subdivision 3, is amended to read:

Subd. 3. **MANDATORY DISQUALIFICATIONS.** (a) In the case of licenses for manufacturers, distributors, distributor salespersons, bingo halls, and gambling managers, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, governor, or person in a supervisory or management position of the applicant or licensee; ~~or an employee eligible to make sales on behalf of the applicant or licensee:~~

- (1) has ever been convicted of a felony or a crime involving gambling;
- (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (3) is or has ever been connected with or engaged in an illegal business;
- (4) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or
- (6) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

(b) In the case of licenses for organizations, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the organization, or an officer or member of the governing body of the organization:

- (1) has been convicted of a felony or gross misdemeanor within the five years before the issuance or renewal of the license;

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(2) has ever been convicted of a crime involving gambling; or

(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.

Sec. 89. Minnesota Statutes 2002, section 349.16, subdivision 6, is amended to read:

Subd. 6. **LICENSE CLASSIFICATIONS FEES.** The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only, or bingo and pull-tabs if the gross receipts for any combination of bingo and pull-tabs does not exceed \$50,000 per year; and a class D license authorizing raffles only. The board shall not charge a fee for an organization license. The board shall impose an annual fee of \$350 for an organization's license application. Organizations that expect to receive less than \$100,000 in gross annual receipts may request from the board a waiver of organization license fees.

Sec. 90. Minnesota Statutes 2002, section 349.161, subdivision 1, is amended to read:

Subdivision 1. **PROHIBITED ACTS; LICENSES REQUIRED.** (a) No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment for use within the state without having obtained a distributor license or a distributor salesperson license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

(b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling equipment for use within the state without being employed by a licensed distributor or owning a distributor license.

Sec. 91. Minnesota Statutes 2002, section 349.161, subdivision 4, is amended to read:

Subd. 4. **FEES.** (a) The initial annual fee for a distributor's license is \$3,500 \$6,000. The initial term of a distributor's license is one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$7,000.

(b) The annual fee for a distributor salesperson license is \$100.

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Sec. 92. Minnesota Statutes 2002, section 349.161, subdivision 5, is amended to read:

Subd. 5. **PROHIBITION.** (a) No distributor, distributor salesperson, or other employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor, may: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor or distributor salesperson is being used in the conduct of lawful gambling.

(e) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor or distributor salesperson may purchase gambling equipment for resale to a person for use within the state from any person not licensed as a manufacturer under section 349.163.

(h) No distributor or distributor salesperson may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(i) No distributor or distributor salesperson may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (h), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing.

Sec. 93. Minnesota Statutes 2002, section 349.162, subdivision 1, is amended to read:

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Subdivision 1. **STAMP REQUIRED.** (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, and no person may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. ~~The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or manufacturer.~~

(b) A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. This paragraph does not apply to unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare, or to unplayed paddleticket cards with a registration stamp affixed to the master flare, if the deals or cards are identified on a list of existing inventory submitted by a licensed organization or a licensed distributor, in a format prescribed by the commissioner of revenue, to the commissioner of revenue on or before February 1, 1996. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

Sec. 94. Minnesota Statutes 2002, section 349.163, subdivision 2, is amended to read:

Subd. 2. **LICENSE; FEE.** ~~The initial license under this section is valid for one year. The fee for the initial license is \$5,000. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$10,000. The annual fee for a manufacturer's license is \$9,000.~~

Sec. 95. Minnesota Statutes 2002, section 349.163, subdivision 6, is amended to read:

Subd. 6. **SAMPLES OF GAMBLING EQUIPMENT.** The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for use or resale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests. The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to

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submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing. The board may request the assistance of the commissioner of public safety and the director of the state lottery in performing the tests.

Sec. 96. Minnesota Statutes 2002, section 349.164, subdivision 4, is amended to read:

Subd. 4. **FEES; TERM OF LICENSE.** ~~The initial annual fee for a bingo hall license is \$2,500 \$4,000. An initial license under this section is valid for one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$5,000.~~

Sec. 97. Minnesota Statutes 2002, section 349.165, subdivision 3, is amended to read:

Subd. 3. **FEES.** (a) ~~The board may issue four classes of premises permits corresponding to the classes of licenses authorized to organizations licensed under section 349.16, subdivision 6. The annual fee for each class of premises permit is:~~ \$150.

- (1) ~~\$400 for a class A permit;~~
- (2) ~~\$250 for a class B permit;~~
- (3) ~~\$200 for a class C permit; and~~
- (4) ~~\$150 for a class D permit.~~

(b) ~~If a premises permit is issued during the second year of an organization's license, the fee for each class of permit is:~~

- (1) ~~\$200 for a class A permit;~~
- (2) ~~\$125 for a class B permit;~~
- (3) ~~\$100 for a class C permit; and~~
- (4) ~~\$75 for a class D permit.~~

(b) In addition to the annual fee for a premises permit, an organization must pay a monthly regulatory fee of 0.1 percent of the organization's gross receipts from lawful gambling conducted at that site. The fee must be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue along with the organization's monthly tax return for that premises. All premises permit fees received by the commissioner of revenue under this subdivision must be deposited in the lawful gambling regulation account in the special revenue fund according to section 349.151. Failure to pay the monthly premises permit fees in a timely manner may result in disciplinary action by the board.

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Sec. 98. Minnesota Statutes 2002, section 349.166, subdivision 1, is amended to read:

Subdivision 1. **EXCLUSIONS.** (a) Bingo may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 1, 4, and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration and is not conducted for more than 12 consecutive days and is limited to no more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph is exempt from sections 349.11 to 349.23, and the board may not require an organization that conducts bingo under this paragraph, or the manager who supervises the bingo, to register or file a report with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without a license and without complying with sections 349.154 to 349.165 and 349.167 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750 \$1,500.

(d) Except as provided in paragraph (b), the organization must maintain all required records of excluded gambling activity for 3-1/2 years.

Sec. 99. Minnesota Statutes 2002, section 349.166, subdivision 2, is amended to read:

Subd. 2. **EXEMPTIONS.** (a) Lawful gambling may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

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(3) the organization pays a fee of ~~\$25~~ \$50 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 297E.02, subdivision 4, paragraph (b), clause (4), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

#### Sec. 100. [349.2113] PRIZE PAYOUT LIMIT.

On or after January 1, 2004, a licensed organization may not put into play a pull-tab or tipboard deal that provides for a prize payout of greater than 85 percent of the ideal gross of the deal.

Sec. 101. Minnesota Statutes 2002, section 349A.08, subdivision 5, is amended to read:

Subd. 5. **PAYMENT; UNCLAIMED PRIZES.** A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, the prize money is

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considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director shall ~~must~~ transfer ~~70~~ percent of all unclaimed prize money at the end of each fiscal year from the lottery cash flow account as follows: ~~of the 70 percent, 40 percent must be transferred to the Minnesota environment and natural resources trust fund and 60 percent must be transferred to the general fund. The remaining 30 percent of the unclaimed prize money must be added by the director to prize pools of subsequent lottery games.~~

Sec. 102. Minnesota Statutes 2002, section 403.02, subdivision 10, is amended to read:

Subd. 10. **COMMISSIONER.** "Commissioner" means the commissioner of administration public safety.

Sec. 103. Minnesota Statutes 2002, section 403.06, is amended to read:

**403.06 DEPARTMENT DUTIES.**

Subdivision 1. **DUTIES.** (a) The ~~department of administration~~ commissioner shall coordinate the maintenance of 911 systems. ~~The department commissioner shall~~ aid counties in the formulation of concepts, methods, and procedures which will improve the operation and maintenance of 911 systems. ~~The department commissioner shall establish procedures for determining and evaluating requests for variations from the established design standards. The department commissioner shall respond to requests by wireless or wire line telecommunications service providers or by counties or other governmental agencies for system agreements, contracts, and tariff language promptly and no later than within 45 days of the request unless otherwise mutually agreed to by the parties.~~

(b) ~~The department commissioner shall prepare a biennial budget for maintaining the 911 system. By December 15 of each year, the department commissioner shall prepare an annual submit a report to the legislature detailing the expenditures for maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, and the 911-related administrative expenses of the department commissioner. The department commissioner is authorized to expend funds money that have has been appropriated to pay for the maintenance, enhancements, and expansion of the 911 system.~~

Subd. 2. **WAIVER.** Any county, other governmental agency, wireless telecommunications service provider, or wire line telecommunications service provider may petition the ~~department of administration~~ commissioner for a waiver of all or portions of the requirements. A waiver may be granted upon a demonstration by the petitioner that the requirement is economically infeasible.

Sec. 104. Minnesota Statutes 2002, section 403.07, subdivision 1, is amended to read:

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Subdivision 1. **RULES.** The ~~department of administration~~ commissioner shall establish and adopt in accordance with chapter 14, rules for the administration of this chapter and for the development of 911 systems in the state including:

(1) design standards for 911 systems incorporating the standards adopted pursuant to subdivision 2 for the seven-county metropolitan area; and

(2) a procedure for determining and evaluating requests for variations from the established design standards.

Sec. 105. Minnesota Statutes 2002, section 403.07, subdivision 2, is amended to read:

Subd. 2. **DESIGN STANDARDS.** The metropolitan 911 board shall establish and adopt design standards for the metropolitan area 911 system and transmit them to the ~~department of administration~~ commissioner for incorporation into the rules adopted pursuant to this section.

Sec. 106. Minnesota Statutes 2002, section 403.07, subdivision 3, is amended to read:

Subd. 3. **DATABASE.** In 911 systems that have been approved by the ~~department of administration~~ commissioner for a local location identification database, each wire line telecommunications service provider shall provide current customer names, service addresses, and telephone numbers to each public safety answering point within the 911 system and shall update the information according to a schedule prescribed by the county 911 plan. Information provided under this subdivision must be provided in accordance with the transactional record disclosure requirements of the federal Electronic Communications Privacy Act of 1986, United States Code, title 18, section 2703, subsection (c), paragraph (1), subparagraph (B)(iv).

Sec. 107. Minnesota Statutes 2002, section 403.09, subdivision 1, is amended to read:

Subdivision 1. **DEPARTMENT AUTHORITY.** At the request of the ~~department of administration~~ commissioner of public safety, the attorney general may commence proceedings in the district court against any person or public or private body to enforce the provisions of this chapter.

Sec. 108. Minnesota Statutes 2002, section 403.11, is amended to read:

**403.11 911 SYSTEM COST ACCOUNTING REQUIREMENTS; FEE.**

Subdivision 1. **EMERGENCY TELECOMMUNICATIONS SERVICE FEE.**  
(a) Each customer of a wireless or wire line telecommunications service provider that furnishes service capable of originating a 911 emergency telephone call is assessed a fee to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for 911 emergency telecommunications service, plus administrative and staffing costs of the ~~department of administration~~ commissioner related to managing the 911 emergency telecommunications service program.

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Recurring charges by a wire line telecommunications service provider for updating the information required by section 403.07, subdivision 3, must be paid by the commissioner of administration if the wire line telecommunications service provider is included in an approved 911 plan and the charges are made pursuant to tariff, price list, or contract. ~~The commissioner of administration shall transfer an amount equal to two cents a month from~~ The fee assessed under this section ~~on wireless telecommunications services to the commissioner of public safety~~ must also be used for the purpose of offsetting the costs, including administrative and staffing costs, incurred by the state patrol division of the department of public safety in handling 911 emergency calls made from wireless phones.

(b) Money remaining in the 911 emergency telecommunications service account after all other obligations are paid must not cancel and is carried forward to subsequent years and may be appropriated from time to time to the commissioner of administration to provide financial assistance to counties for the improvement of local emergency telecommunications services. The improvements may include providing access to 911 service for telecommunications service subscribers currently without access and upgrading existing 911 service to include automatic number identification, local location identification, automatic location identification, and other improvements specified in revised county 911 plans approved by the department commissioner.

(c) The fee may not be less than eight cents nor more than ~~33~~ 40 cents a month for each customer access line or other basic access service, including trunk equivalents as designated by the public utilities commission for access charge purposes and including wireless telecommunications services. With the approval of the commissioner of finance, the commissioner of ~~administration~~ public safety shall establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. When the revenue bonds authorized under section 473.898, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed. The commissioner shall provide companies and carriers a minimum of 45 days' notice of each fee change. ~~For fiscal year 2003, the commissioner of administration shall provide a minimum of 35 days' notice of each fee change.~~ The fee must be the same for all customers.

(d) The fee must be collected by each wireless or wire line telecommunications service provider subject to the fee. Fees are payable to and must be submitted to the commissioner of ~~administration~~ monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services as ~~provided in paragraph (a).~~

(e) This subdivision does not apply to customers of interexchange carriers.

(f) The installation and recurring charges for integrating wireless 911 calls into enhanced 911 systems must be paid by the commissioner if the 911 service provider

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is included in the statewide design plan and the charges are made pursuant to tariff, price list, or contract.

Subd. 3. **METHOD OF PAYMENT.** (a) Any wireless or wire line telecommunications service provider incurring reimbursable costs under subdivision 1 shall submit an invoice itemizing rate elements by county or service area to the commissioner of ~~administration~~ for 911 services furnished under tariff, price list, or contract. Any wireless or wire line telecommunications service provider is eligible to receive payment for 911 services rendered according to the terms and conditions specified in the contract. Competitive local exchange carriers holding certificates of authority from the public utilities commission are eligible to receive payment for recurring 911 services provided after July 1, 2001. The commissioner shall pay the invoice within 30 days following receipt of the invoice unless the commissioner notifies the service provider that the commissioner disputes the invoice.

(b) The commissioner of ~~administration~~ shall estimate the amount required to reimburse wireless and wire line telecommunications service providers for the state's obligations under subdivision 1 and the governor shall include the estimated amount in the biennial budget request.

Subd. 3a. **TIMELY CERTIFICATION.** A certification must be submitted to the commissioner of ~~administration~~ no later than two years after commencing a new or additional eligible 911 service. Any wireless or wire line telecommunications service provider incurring reimbursable costs under this section at any time before January 1, 2003, may certify those costs for payment to the commissioner of ~~administration~~ according to this section for a period of 90 days after January 1, 2003. During this period, the commissioner of ~~administration~~ shall reimburse any wireless or wire line telecommunications service provider for approved, certified costs without regard to any contrary provision of this subdivision.

Subd. 3b. **CERTIFICATION.** All wireless and wire line telecommunications service providers shall submit a self-certification form signed by an officer of the company to the ~~department~~ commissioner with invoices for payment of an initial or changed service described in the service provider's 911 contract. The self-certification shall affirm that the 911 service contracted for is being provided and the costs invoiced for the service are true and correct. All certifications are subject to verification and audit.

Subd. 3c. **AUDIT.** If the commissioner of ~~administration~~ determines that an audit is necessary to document the certification described in subdivision 3b, the wireless or wire line telecommunications service provider must contract with an independent certified public accountant to conduct the audit. The audit must be conducted according to generally accepted accounting principles. The wireless or wire line telecommunications service provider is responsible for any costs associated with the audit.

Subd. 4. **LOCAL RECURRING COSTS.** Recurring costs of telecommunications equipment and services at public safety answering points must be borne by the

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local governmental agency operating the public safety answering point or allocated pursuant to section 403.10, subdivision 3. Costs attributable to local government electives for services not otherwise addressed under section 403.11 or 403.113 must be borne by the governmental agency requesting the elective service.

Subd. 5. **TARIFF NOTIFICATION.** Wire line telecommunications service providers or wireless telecommunications service providers holding eligible telecommunications carrier status shall give notice to the ~~department of administration commissioner~~ and any other affected governmental agency of tariff or price list changes related to 911 service at the same time that the filing is made with the public utilities commission.

Sec. 109. Minnesota Statutes 2002, section 403.113, is amended to read:

**403.113 ENHANCED 911 SERVICE COSTS; FEE.**

Subdivision 1. **FEE.** (a) Each customer receiving service from a wireless or wire line telecommunications service provider is assessed a fee to fund implementation, operation, maintenance, enhancement, and expansion of enhanced 911 service, including acquisition of necessary equipment and the costs of the commissioner to administer the program. The actual fee assessed under section 403.11 and the enhanced 911 service fee must be collected as one amount and may not exceed the amount specified in section 403.11, subdivision 1, paragraph (c).

(b) The enhanced 911 service fee must be collected and deposited in the same manner as the fee in section 403.11 and used solely for the purposes of paragraph (a) and subdivision 3.

(c) ~~The commissioner of the department of administration, in consultation with counties and 911 system users, shall determine the amount of the enhanced 911 service fee and. The fee must include at least 10 cents per month to be distributed under subdivision 2. The commissioner shall inform wireless and wire line telecommunications service providers that provide service capable of originating a 911 emergency telephone call of the total amount of the 911 service fees in the same manner as provided in section 403.11.~~

Subd. 2. **DISTRIBUTION OF MONEY.** (a) After payment of the costs of the ~~department of administration commissioner~~ to administer the program, the commissioner shall distribute the money collected under this section as follows:

(1) one-half of the amount equally to all qualified counties, and after October 1, 1997, to all qualified counties, existing ten public safety answering points operated by the Minnesota state patrol, and each governmental entity operating the individual public safety answering points serving the metropolitan airports commission, the Red Lake Indian Reservation, and the University of Minnesota police department; and

(2) the remaining one-half to qualified counties and cities with existing 911 systems based on each county's or city's percentage of the total population of qualified counties and cities. The population of a qualified city with an existing system must be

New language is indicated by underline, deletions by ~~strikeout~~.

deducted from its county's population when calculating the county's share under this clause if the city seeks direct distribution of its share.

(b) A county's share under subdivision 1 must be shared pro rata between the county and existing city systems in the county. A county or city or other governmental entity as described in paragraph (a), clause (1), shall deposit money received under this subdivision in an interest-bearing fund or account separate from the governmental entity's general fund and may use money in the fund or account only for the purposes specified in subdivision 3.

(c) A county or city or other governmental entity as described in paragraph (a), clause (1), is not qualified to share in the distribution of money for enhanced 911 service if it has not implemented enhanced 911 service before December 31, 1998.

(d) For the purposes of this subdivision, "existing city system" means a city 911 system that provides at least basic 911 service and that was implemented on or before April 1, 1993.

**Subd. 3. LOCAL EXPENDITURES.** (a) Money distributed under subdivision 2 for enhanced 911 service may be spent on enhanced 911 system costs for the purposes stated in subdivision 1, paragraph (a). In addition, money may be spent to lease, purchase, lease-purchase, or maintain enhanced 911 equipment, including telephone equipment; recording equipment; computer hardware; computer software for database provisioning, addressing, mapping, and any other software necessary for automatic location identification or local location identification; trunk lines; selective routing equipment; the master street address guide; dispatcher public safety answering point equipment proficiency and operational skills; pay for long-distance charges incurred due to transferring 911 calls to other jurisdictions; and the equipment necessary within the public safety answering point for community alert systems and to notify and communicate with the emergency services requested by the 911 caller.

(b) Money distributed for enhanced 911 service may not be spent on:

(1) purchasing or leasing of real estate or cosmetic additions to or remodeling of communications centers;

(2) mobile communications vehicles, fire engines, ambulances, law enforcement vehicles, or other emergency vehicles;

(3) signs, posts, or other markers related to addressing or any costs associated with the installation or maintenance of signs, posts, or markers.

**Subd. 4. AUDITS.** Each county and city or other governmental entity as described in subdivision 2, paragraph (a), clause (1), shall conduct an annual audit on the use of funds distributed to it for enhanced 911 service. A copy of each audit report must be submitted to the commissioner of ~~administration~~.

Sec. 110. Minnesota Statutes 2002, section 458D.17, subdivision 5, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 5. **AUDIT.** The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state ~~public examiner~~ auditor or a certified public accountant.

Sec. 111. Minnesota Statutes 2002, section 471.696, is amended to read:

**471.696 FISCAL YEAR; DESIGNATION.**

Beginning in 1979, the fiscal year of a city and all of its funds shall be the calendar year, except that a city may, by resolution, provide that the fiscal year for city-owned nursing homes be the reporting year designated by the commissioner of human services. Beginning in 1994, the fiscal year of a town and all of its funds shall be the calendar year. ~~The state auditor may upon request of a town and a showing of inability to conform, extend the deadline for compliance with this section for one year.~~

Sec. 112. Minnesota Statutes 2002, section 471.999, is amended to read:

**471.999 REPORT TO LEGISLATURE.**

The commissioner of employee relations shall report to the legislature by January 1 of each year on the status of compliance with section 471.992, subdivision 1, by governmental subdivisions.

The report must include a list of the political subdivisions in compliance with section 471.992, subdivision 1, and the estimated cost of compliance. The report must also include a list of political subdivisions found by the commissioner to be not in compliance, the basis for that finding, recommended changes to achieve compliance, estimated cost of compliance, and recommended penalties, if any. The commissioner's report must include a list of subdivisions that did not comply with the reporting requirements of this section. The commissioner may request, and a subdivision shall provide, any additional information needed for the preparation of a report under this subdivision.

Notwithstanding any rule to the contrary, beginning in 2005, a political subdivision must report on its compliance with the requirements of sections 471.991 to 471.999 no more frequently than once every five years. No report from a political subdivision is required for 2003 and 2004.

Sec. 113. Minnesota Statutes 2002, section 473.891, subdivision 10, is amended to read:

Subd. 10. **SECOND PHASE.** "Second phase" means the metropolitan radio board ~~building subsystems for providing assistance to local government units building subsystems~~ in the metropolitan area that did not build their own subsystems in the first phase.

Sec. 114. Minnesota Statutes 2002, section 473.891, is amended by adding a subdivision to read:

Subd. 11. **THIRD PHASE.** "Third phase" means an extension of the backbone system to serve the southeast and central districts of the state patrol.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 115. Minnesota Statutes 2002, section 473.898, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** After consulting with the commissioner of finance, the council, if requested by a vote of at least two-thirds of all of the members of the metropolitan radio board public safety radio communication system planning committee established under section 473.097, may, by resolution, authorize the issuance of its revenue bonds for any of the following purposes to:

(1) provide funds for regionwide mutual aid and emergency medical services communications;

(2) provide funds for the elements of the first phase of the regionwide public safety radio communications system that the board determines are of regionwide benefit and support mutual aid and emergency medical services communication including, but not limited to, costs of master controllers of the backbone;

(3) provide money for the second phase of the public safety radio communication system; ~~or~~

(4) provide money for the third phase of the public safety radio communication system;

(5) to the extent money is available after meeting the needs described in clauses (1) to (3), provide money to reimburse local units of government for amounts expended for capital improvements to the first phase system previously paid for by the local government units; or

(6) refund bonds issued under this section.

Sec. 116. Minnesota Statutes 2002, section 473.898, subdivision 3, is amended to read:

Subd. 3. **LIMITATIONS.** (a) The principal amount of the bonds issued pursuant to subdivision 1, exclusive of any original issue discount, shall not exceed the amount of \$10,000,000 plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and pay for any bond insurance or other credit enhancement.

(b) In addition to the amount authorized under paragraph (a), the council may issue bonds under subdivision 1 in a principal amount of \$3,306,300, plus the amount the council determines necessary to pay the cost of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph may not be used to finance portable or subscriber radio sets.

(c) In addition to the amount authorized under paragraphs (a) and (b), the council may issue bonds under subdivision 1 in a principal amount of ~~\$12,000,000~~ \$18,000,000, plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and any bond insurance or other credit

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enhancement. The proceeds of bonds issued under this paragraph must be used to pay up to ~~30~~ 50 percent of the cost to a local government unit of building a subsystem and may not be used to finance portable or subscriber radio sets. The bond proceeds may be used to make improvements to an existing 800 MHz radio system that will interoperate with the regionwide public safety radio communication system, provided that the improvements conform to the board's plan and technical standards. The council must time the sale and issuance of the bonds so that the debt service on the bonds can be covered by the additional revenue that will become available in the fiscal year ending June 30, 2005, generated under section 403.11 and appropriated under section 473.901.

(d) In addition to the amount authorized under paragraphs (a) to (c), the council may issue bonds under subdivision 1 in a principal amount of up to \$27,000,000, plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph are appropriated to the commissioner of public safety for phase three of the public safety radio communication system. In anticipation of the receipt by the commissioner of public safety of the bond proceeds, the metropolitan radio board may advance money from its operating appropriation to the commissioner of public safety to pay for design and preliminary engineering for phase three. The commissioner of public safety must return these amounts to the metropolitan radio board when the bond proceeds are received.

Sec. 117, Minnesota Statutes 2002, section 473.901, is amended to read:

**473.901 ~~ADMINISTRATION DEPARTMENT APPROPRIATION; TRANSFERS; BUDGET.~~**

Subdivision 1. **STANDING APPROPRIATION; COSTS COVERED.** For each fiscal year beginning with the fiscal year commencing July 1, 1997, the amount necessary to pay the following costs is appropriated to the commissioner of administration public safety from the 911 emergency telephone telecommunications service account established under section 403.11:

- (1) debt service costs and reserves for bonds issued pursuant to section 473.898;
- (2) repayment of the right-of-way acquisition loans;
- (3) costs of design, construction, maintenance of, and improvements to those elements of the first and, second, and third phases that support mutual aid communications and emergency medical services;
- (4) recurring charges for leased sites and equipment for those elements of the first and, second, and third phases that support mutual aid and emergency medical communication services; or
- (5) aid to local units of government for sites and equipment in support of mutual aid and emergency medical communications services.

New language is indicated by underline, deletions by ~~strikeout~~.

This appropriation shall be used to pay annual debt service costs and reserves for bonds issued pursuant to section 473.898 prior to use of fee money to pay other costs eligible under this subdivision. In no event shall the appropriation for each fiscal year exceed an amount equal to four cents a month for each customer access line or other basic access service, including trunk equivalents as designated by the public utilities commission for access charge purposes and including cellular and other nonwire access services, in the fiscal year. Beginning July 1, 2004, this amount will increase to 5.5 13 cents a month.

**Subd. 2. RADIO BOARD BUDGET.** The metropolitan council shall transmit the annual budget of the radio board to the commissioner of ~~administration~~ public safety no later than December 15 of each year. The commissioner of ~~administration~~ shall include all eligible costs approved by the radio board for the regionwide public safety communication system in ~~its~~ the commissioner's request for legislative appropriations from the 911 emergency telephone telecommunications service fee account. ~~All eligible costs approved by the radio board shall be included in the commissioner of administration's appropriation request.~~

**Subd. 3. MONTHLY APPROPRIATION TRANSFERS.** Each month, before the 25th day of the month, the commissioner of ~~administration~~ shall transmit to the metropolitan council 1/12 of its total approved appropriation for the regionwide public safety communication system.

**Subd. 4. IMPLEMENTATION OF PHASES THREE TO SIX.** To implement phases three to six of the statewide public safety radio communication system, the commissioner of public safety shall contract with the commissioner of transportation to construct, own, operate, maintain, and enhance the elements of phases three to six identified in the plan developed under section 473.907. The commissioner of transportation, under appropriate state law, shall contract for, or procure by purchase or lease (including joint purchase and lease agreements), construction, installation of materials, supplies and equipment, and other services as may be needed to build, operate, and maintain phases three to six of the system.

Sec. 118. Minnesota Statutes 2002, section 473.902, is amended by adding a subdivision to read:

**Subd. 6. OPERATING COSTS OF PHASES THREE TO SIX.** (a) The ongoing costs of the commissioner in operating phases three to six of the statewide public safety radio communication system shall be allocated among and paid by the following users, all in accordance with the statewide public safety radio communication system plan developed by the planning committee under section 473.907:

- (1) the state of Minnesota for its operations using the system;
- (2) all local government units using the system; and
- (3) other eligible users of the system.

(b) Each local government and other eligible users of phases three to six of the system shall pay to the commissioner all sums charged under this section, at the times

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and in the manner determined by the commissioner. The governing body of each local government shall take all action that may be necessary to provide the funds required for these payments and to make the payments when due.

(c) If the governing body of any local government using phase three, four, five, or six of the system fails to meet any payment to the commissioner under this subdivision when due, the commissioner may certify to the auditor of the county in which the government unit is located the amount required for payment of the amount due with interest at six percent per year. The auditor shall levy and extend the amount due, with interest, as a tax upon all taxable property in the government unit for the next calendar year, free from any existing limitations imposed by law or charter. This tax shall be collected in the same manner as the general taxes of the government unit, and the proceeds of the tax, when collected, shall be paid by the county treasurer to the commissioner and credited to the government unit for which the tax was levied.

Sec. 119. Minnesota Statutes 2002, section 473.907, subdivision 1, is amended to read:

Subdivision 1. **PLANNING COMMITTEE.** (a) The commissioner of public safety shall convene and chair a planning committee to develop a project plan for a statewide, shared, trunked public safety radio communication system.

(b) The planning committee consists of the following members or their designees:

- (1) the commissioner of public safety;
- (2) the commissioner of transportation;
- (3) the commissioner of administration;
- (4) the commissioner of natural resources;
- (5) the chair of the metropolitan radio board;
- (6) the president of the Minnesota sheriffs' association;
- (7) a representative of the league of Minnesota cities from the metropolitan area;

and

- (8) a representative of the league of Minnesota cities from greater Minnesota; and
- (9) a representative of the association of Minnesota counties from greater Minnesota.

Additionally, the commissioner of finance or a designee shall serve on the committee as a nonvoting member.

(c) The planning committee must implement the project plan and establish the statewide, shared trunked radio and communications system. The commissioner of public safety is designated as the chair of the planning committee. The commissioner of public safety and the planning committee have overall responsibility for the successful completion of statewide communications infrastructure system integration.

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(d) The planning committee must establish one or more advisory groups for the purpose of advising on the plan, design, implementation and administration of the statewide, shared trunked radio and communications system. At least one such group must consist of the following members:

- (1) the chair of the metropolitan radio board or a designee;
- (2) the chief of the Minnesota state patrol;
- (3) a representative of the Minnesota state sheriffs' association;
- (4) a representative of the Minnesota chiefs of police association; and
- (5) a representative of the Minnesota fire chiefs' association.

Sec. 120. Minnesota Statutes 2002, section 477A.014, subdivision 4, is amended to read:

Subd. 4. **COSTS.** The director of the office of strategic and long-range planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the government information division and the parts of the constitutional office that are related to the government information function, not to exceed \$217,000 in fiscal year 1992 and \$217,000 in each fiscal year 1993 and thereafter. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$201,100 in fiscal year 1992 and \$205,800 in each fiscal year 1993 and thereafter. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$56,000 in fiscal year 1992 and \$55,000 in each fiscal year 1993 and thereafter.

**EFFECTIVE DATE.** This section is effective July 1, 2004.

Sec. 121. Laws 1998, chapter 366, section 80, as amended by Laws 2001, First Special Session chapter 10, article 2, section 86, is amended to read:

**Sec. 80. SETTLEMENT DIVISION; TRANSFER OF JUDGES.**

The office of administrative hearings shall establish a settlement division. The workers' compensation judges at the department of labor and industry, together with their support staff, offices, furnishings, equipment, and supplies, are transferred to the settlement division of the office of administrative hearings. Minnesota Statutes, section 15.039, applies to the transfer of employees. The settlement division of the office of administrative hearings shall maintain offices in either Hennepin or Ramsey county and the cities city of Duluth and Detroit Lakes. The office of a judge in the settlement division of the office of administrative hearings and the support staff of the judge may be located in a building that contains offices of the department of labor and industry. The seniority of a workers' compensation judge at the office of administrative hearings,

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after the transfer, shall be based on the total length of service as a judge at either agency. For purposes of the commissioner's plan under Minnesota Statutes, section 43A.18, subdivision 2, all compensation judges at the office of administrative hearings shall be considered to be in the same employment condition, the same organizational unit and qualified for work in either division.

**Sec. 122. TRANSITION; RETROACTIVE PAYMENT.**

A lobbyist who was registered under Minnesota Statutes, section 10A.04, subdivision 2, on January 15, 2003, or a principal who was required to file a report under Minnesota Statutes, section 10A.04, subdivision 6, by March 15, 2003, must pay no later than August 1, 2003, a fee in the amount that would have been required under those sections had the fees imposed by this act been in effect at those times.

**Sec. 123. REAL ESTATE FILING SURCHARGE.**

All funds collected during the fiscal year ending June 30, 2004, and funds collected in the fiscal year ending June 30, 2003, that carry forward into the fiscal year ending June 30, 2004, pursuant to the additional 50-cent surcharges imposed by Laws 2001, First Special Session chapter 10, article 2, section 77, and Laws 2002, chapter 365, are appropriated to the legislative coordinating commission for the real estate task force established by Laws 2000, chapter 391, for the purposes set forth in Laws 2001, First Special Session chapter 10, article 2, sections 98 to 101. \$25,000 from those funds are to be retained by the legislative coordinating commission for the services described in Laws 2001, First Special Session chapter 10, article 2, section 99.

**Sec. 124. STUDY OF EMERGENCY MEDICAL SERVICES PREPAREDNESS.**

The department of public safety shall seek grant funding from federal, state, and private sources. If awarded funds, the department shall conduct a study of Minnesota's emergency medical service preparedness and its relationship to the department's overall homeland security planning. The study must analyze the coordination of responses to emergencies, financial stability of the industries involved in providing prehospital emergency care, effect of primary service area determinations, availability in response to terroristic activity, and authority of governmental subdivisions in determining the level of care. The department shall report its findings to the chairs of the senate health and family security committee and crime prevention and public safety committee and the chairs of the house of representatives health and human services policy committee and judiciary policy and finance committee by July 1, 2004.

**Sec. 125. TRANSFER OF RESPONSIBILITIES.**

The responsibilities of the commissioner of administration to provide 911 emergency telecommunications services under Minnesota Statutes, chapter 403, are transferred to the commissioner of public safety under Minnesota Statutes, section 15.039. The transfer may be completed in one or more phases as provided in an agreement between the commissioners of administration and public safety, but no later than the first Monday in January 2004.

**New language is indicated by underline, deletions by strikeout.**

**Sec. 126. GAMBLING CONTROL; FEE TRANSITION.**

Effective July 1, 2003, all licensees regulated by the gambling control board must begin paying the applicable fees under Minnesota Statutes, sections 349.16 to 349.165. The gambling control board shall provide a onetime, prorated credit against these fees to licensees who paid for licenses before July 1, 2003, that were to extend beyond July 1, 2003.

**Sec. 127. CARRYFORWARD.**

Notwithstanding Minnesota Statutes, section 16A.28, or other law to the contrary, funds encumbered by the judicial or executive agency for severance costs; unemployment compensation costs; and health, dental, and life insurance continuation costs resulting from state employee layoffs during the fiscal year ending June 30, 2003, may be carried forward and may be spent until January 1, 2004.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 128. VACATION LIMIT.**

A state employee in the unclassified service who takes voluntary unpaid leave of absence during the biennium ending June 30, 2005, must be allowed to accrue a vacation leave balance up to at least 300 hours through June 30, 2005.

**Sec. 129. GAMING STUDY.**

If the legislature authorizes the state lottery to operate a gaming facility in the metropolitan area, the director of the state lottery shall contract with an independent entity to perform an analysis of the economic effects of the facility on existing tribal gaming facilities located in or within 100 miles of the metropolitan area.

**Sec. 130. VOLUNTARY UNPAID LEAVE OF ABSENCE.**

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours between June 1, 2003, and June 30, 2005. The 1,040 hour limit replaces, and is not in addition to, limits set in prior laws. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in the state retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

**New language is indicated by underline, deletions by ~~strikeout~~.**

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the Minnesota state retirement association.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 131. OFFICIAL PUBLICATION STUDY.**

Representatives of local public corporations, as defined in Minnesota Statutes, chapter 331A, must meet with representatives of qualified newspapers and report to the legislature by January 15, 2004, on alternative means of official publication for local public corporations.

**Sec. 132. TRAINING SERVICES.**

During the biennium ending June 30, 2005, state executive agencies must consider using services provided by the government training service before contracting with other outside vendors for similar services.

**Sec. 133. CRIMNET FINANCIAL AUDIT.**

The legislative auditor must complete a financial audit of all components and expenditures of the group of projects generally referred to as CrimNet by March 1, 2004. The audit must include a review of all contracts related to CrimNet for compliance with state law, including the laws and guidelines governing the issuance of contracts.

**Sec. 134. FEE SCHEDULE.**

The campaign finance and public disclosure board, in consultation with lobbyists, political committees, political funds, principal campaign committees, and party units, shall develop an equitable schedule of fees to be imposed on them to recover the costs incurred by the board in regulating them. The board must submit the recommended fee schedule to the legislature by January 15, 2004.

**Sec. 135. REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>473.891</u>	<u>403.21</u>
<u>473.893</u>	<u>403.22</u>
<u>473.894</u>	<u>403.23</u>
<u>473.895</u>	<u>403.24</u>

**New language is indicated by underline, deletions by ~~strikeout~~.**

<u>473.896</u>	<u>403.25</u>
<u>473.897</u>	<u>403.26</u>
<u>473.898</u>	<u>403.27</u>
<u>473.899</u>	<u>403.28</u>
<u>473.900</u>	<u>403.29</u>
<u>473.901</u>	<u>403.30</u>
<u>473.902</u>	<u>403.31</u>
<u>473.903</u>	<u>403.32</u>
<u>473.904</u>	<u>403.33</u>
<u>473.905</u>	<u>403.34</u>
<u>473.906</u>	<u>403.35</u>
<u>473.907</u>	<u>403.36</u>

**Sec. 136. REPEALER.**

(a) Minnesota Statutes 2002, sections 3.305, subdivision 5; 3A.11; 4A.055; 6.77; 16A.87; 16E.09; 149A.97, subdivision 8; 163.10; and 306.97, are repealed.

(b) Minnesota Rules, part 1950.1070, is repealed effective July 1, 2004.

(c) Minnesota Statutes 2002, sections 12.221, subdivision 5; 16B.50; and 16C.07, are repealed effective the day following final enactment.

(d) Minnesota Statutes 2002, section 3.971, subdivision 8, is repealed effective July 1, 2004.

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**ARTICLE 3**

**ECONOMIC DEVELOPMENT APPROPRIATIONS**

**Section 1. ECONOMIC DEVELOPMENT; APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2004, or June 30, 2005, respectively. The term "first year" means the fiscal year ending June 30, 2004, and the term "second year" means the fiscal year ending June 30, 2005.

**SUMMARY BY FUND**

	2004	2005	TOTAL
General	\$ 31,091,000	\$ 30,364,000	\$ 61,455,000

**New language is indicated by underline, deletions by ~~strikeout~~.**



the legislative auditor in Finding 1 of the auditor's management letter dated March 20, 2003. To the degree this property has not been held for the three-year period required by law prior to sale, that three-year requirement is waived as to this property, and the commissioner shall sell the property.

Subd. 5. Market Assurance

6,402,000	5,897,000	
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Summary by Fund

General	5,787,000	5,062,000
Workers' Compensation	615,000	835,000

Subd. 6. Energy and  
Telecommunications

4,349,000	4,349,000	
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After July 1, 2003, but before September 30, 2003, the commissioner of finance shall transfer \$2,500,000 of the unexpended balance in the contractor's recovery fund established under Minnesota Statutes, section 326.975, subdivision 1, to the general fund.

Subd. 7. Weights and  
Measurement

2,506,000	2,507,000	
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The fees proposed in the 2004-2005 biennial budget for the weights and measurement division are approved.

Of the unexpended balance in the liquefied petroleum gas account established under Minnesota Statutes, section 239.785, \$500,000 is transferred to the general fund.

Sec. 3. BOARD OF ACCOUNTANCY	577,000	577,000
Sec. 4. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN	785,000	785,000
Sec. 5. BOARD OF BARBER EXAMINERS	127,000	127,000
Sec. 6. PUBLIC UTILITIES COMMISSION	4,163,000	4,163,000
Sec. 7. COUNCIL ON BLACK MINNESOTANS	282,000	282,000
Sec. 8. COUNCIL ON CHICANO-LATINO AFFAIRS	275,000	275,000
Sec. 9. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	243,000	243,000
Sec. 10. INDIAN AFFAIRS COUNCIL	482,000	482,000

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**ARTICLE 4**

**ECONOMIC DEVELOPMENT AND COMMERCE**

**Section 1. [60A.035] GOVERNMENT CONTROLLED OR OWNED COMPANY PROHIBITED FROM TRANSACTING BUSINESS.**

(a) No insurance company the voting control or ownership of which is held in whole or substantial part by any government or governmental agency or entity having a tax exemption under section 501(c)(27)(B) or 115 of the Internal Revenue Code of 1986 or which is operated for or by any such government or agency or entity having a tax exemption under section 501(c)(27)(B) or 115 of the Internal Revenue Code of 1986 is authorized to transact insurance in this state. Membership in a mutual company, subscribership in a reciprocal insurer, ownership of stock of an insurer by the alien property custodian or similar official of the United States, or supervision of an insurer by public insurance supervisory authority is not considered to be an ownership, control, or operation of the insurer for the purposes of this section.

(b) This section does not apply to an insurance company if its sole insurance business in this state is providing workers' compensation insurance and associated employers' liability coverage to an employer principally located in the insurer's state

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of domicile whose employee may receive benefits under section 176.041, subdivision 4, provided the operations of the employer are for fewer than 30 consecutive days in this state and provided the employer has no other significant contacts with this state.

(c) This section does not apply to a fund established under section 16B.85, subdivision 2.

Sec. 2. Laws 2002, chapter 331, section 19, is amended to read:

Sec. 19. **EFFECTIVE DATE.**

Sections 16 and 17 are effective July 1, 2003 2004.

Sec. 3. **AMBULANCE SERVICE LIABILITY INSURANCE STUDY.**

The commissioner of commerce shall study the availability and cost to ambulance services of vehicle and malpractice insurance and the factors influencing cost increases. The commissioner shall report the results of this study and recommendations on means to ensure continued availability of affordable insurance to the legislature by January 10, 2004.

Sec. 4. **REPEALER.**

Minnesota Statutes, sections 155A.03, subdivisions 14 and 15; and 155A.07, subdivision 9, are repealed.

Presented to the governor May 24, 2003

Signed by the governor May 28, 2003, 4:10 p.m.

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## CHAPTER 2—S.F.No. 2

*An act relating to criminal justice; appropriating money for the courts, public defenders, public safety, corrections, and other criminal justice agencies; establishing, funding, modifying, and regulating public safety, criminal justice, judiciary, law enforcement, corrections, crime victims, CrimNet, and driving while impaired policies, programs, duties, activities, or practices; requiring studies and reports; clarifying the reporting requirements of predatory registration law; imposing criminal and civil penalties; setting or increasing fines, surcharges, and fees; amending Minnesota Statutes 2002, sections 13.87, subdivision 3; 15A.0815, subdivision 3; 16A.151, subdivision 2; 152.021, subdivisions 2a, 3; 169A.03, subdivision 21, by adding a subdivision; 169A.20, subdivision 2; 169A.25, subdivision 1; 169A.26, subdivision 1; 169A.27, subdivision 1; 169A.275, subdivisions 3, 4, by adding a subdivision; 169A.40, subdivision 3; 169A.44; 169A.51, subdivision 5; 169A.53, subdivision 3; 169A.54, subdivision 6; 169A.60, subdivisions 8, 13; 241.016, subdivision 1; 243.166, subdivisions 3, 4a; 243.48, subdivision 1; 243.53, subdivision 1; 260B.105, subdivisions 1, 2; 260B.143, subdivision 1; 260C.163, subdivision 5; 270A.03, subdivision 5; 271.06, subdivision 4; 299A.42; 299A.44, subdivision 1; 299A.465, subdivision 4; 299C.05; 299C.06; 299C.10, subdivision 4, by adding a subdivision; 299C.48; 299F.46, subdivision 1, by adding subdivisions; 299M.01, by adding subdivisions; 299M.03, by adding*

New language is indicated by underline, deletions by ~~strikeout~~.