

Presented to the governor May 22, 1995

Signed by the governor May 24, 1995, 10:22 a.m.

CHAPTER 224—S.F.No. 1670

An act relating to the organization and operation of state government; appropriating money for economic development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; requiring studies and reports; amending Minnesota Statutes 1994, sections 5.14; 16B.08, subdivision 7; 44A.01, subdivision 2; 97A.531, by adding a subdivision; 116J.552, subdivision 2; 116J.555, subdivision 2; 116J.873, subdivision 3, and by adding a subdivision; 116J.982, subdivision 3; 116M.16, subdivision 2; 116M.18, subdivisions 4, 5, and by adding a subdivision; 116N.03, subdivision 2; 116N.08, subdivisions 5, 6, and by adding a subdivision; 124.85, by adding a subdivision; 175.171; 176.011, subdivision 7a; 176.231, by adding a subdivision; 207A.01; 216B.16, subdivision 2, and by adding a subdivision; 216B.2424; 216B.27, subdivision 4; 237.701, subdivision 1; 245A.11, subdivision 2; 268A.01, subdivisions 4, 5, 6, 9, and 10; 268A.03; 268A.06, subdivision 1; 268A.07; 268A.08, subdivisions 1 and 2; 268A.13; 298.22, subdivision 2; 298.223, subdivision 2; 462.357, subdivision 7; 462A.05, subdivisions 14, 15c, and 30; 462A.201, subdivision 2; 462A.202, subdivisions 2 and 6; 462A.204, subdivision 1; 462A.205, subdivision 4; 462A.206, subdivisions 2 and 5; 462A.21, subdivisions 3b, 8, 8b, 13, 21, and by adding subdivisions; 469.0171; 504.33, subdivisions 2 and 3; 504.34, subdivisions 1 and 2; and 504.35; Laws 1993, chapter 369, section 9, subdivisions 2 and 3; Laws 1994, chapter 573, section 5, subdivision 2; chapter 643, section 19, subdivision 9; proposing coding for new law in Minnesota Statutes, chapters 97A; 116J; 176; 178; 268A; 383B; and 462A; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; 116J.874, subdivision 6; 268A.01, subdivisions 7, 11, and 12; 268A.09; 298.2211, subdivision 3a; and 462A.21, subdivision 8c; Laws 1990, chapter 521, section 4.

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

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 "1996" and "1997," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1996, or June 30, 1997, respectively. The term "first year" means the fiscal year ending June 30, 1996, and "second year" means the fiscal year ending June 30, 1997.

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

SUMMARY BY FUND

	1995	1996	1997	TOTAL
General	\$408,000	\$194,091,000	\$160,733,000	\$355,232,000
Petroleum Tank Cleanup		838,000	842,000	1,680,000
Trunk Highway Special		670,000	670,000	1,340,000
Compensation	407,000	20,641,000	18,179,000	39,227,000
Special Revenue		336,000	341,000	677,000
TOTAL	\$815,000	\$216,576,000	\$180,765,000	\$398,156,000

APPROPRIATIONS

Available for the Year
Ending June 30

	1995	1996	1997
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Sec. 2. TRADE AND ECONOMIC
DEVELOPMENT

Subdivision 1. Total

Appropriation	\$	\$ 36,579,000	\$ 21,648,000
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Summary by Fund

General	35,909,000	20,978,000
Trunk Highway	670,000	670,000

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

Subd. 2. Business and Community

Development

23,961,000	9,351,000
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\$100,000 the first year and \$100,000 the second year are for the affirmative enterprise program. The appropriation is available until spent.* (The preceding paragraph beginning "\$100,000" was vetoed by the governor.)

\$6,017,000 the first year is for economic recovery grants, of which \$500,000 may be used for the purposes of the capital access program, and is available until spent.

\$379,000 the first year and \$379,000 the second year are for the small cities federal match.

\$200,000 the first year and \$200,000 the second year are for grants to Advantage Minnesota, Inc. The funds are available only if matched on at least a dollar-for-dollar basis from other sources. The commissioner may release the funds only upon:

(1) certification that matching funds from each participating organization are available; and

(2) review and approval by the commissioner of the proposed operations plan of Advantage Minnesota, Inc. for the biennium.

\$450,000 the first year and \$450,000 the second year are for the state's match for the federal small business development centers. If funding in one year is insufficient, the other year's appropriation is available.

\$1,987,000 the first year and \$1,962,000 the second year are for the job skills partnership program.

\$300,000 is to the job skills partnership board for the purpose of funding the development and implementation of a program by the city of St. Paul which connects the economic development activities of the St. Paul port authority with the city of St. Paul's employment and job development programs. This employment connection program shall be administered by the port authority consistent with, and subject to, the program requirements of the Minnesota job skills partnership program. The appropriation is available until spent.

\$100,000 the first year and \$100,000 the second year are to the job skills partnership board for a grant to the city of Minneapolis' employment connection program with the Minneapolis Community Development Agency.

\$7,800,000 is for grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent.

\$100,000 is for a grant to the Phoenix Group, Inc. The grant must be used to make grants and loans and provide technical and other assistance to community residents in neighborhoods with high levels of poverty for the purpose of creating business opportunities to promote self-sufficiency. The appropriation is available for the biennium ending June 30, 1997.

\$200,000 the first year is for a grant to Hennepin county for the multijurisdictional reinvestment program established in Minnesota Statutes, section 383B.79. Hennepin county, working in conjunction with the metropolitan council, shall report to the senate committee on jobs, energy, and community development and the house committee on economic development, infrastructure, and regulation finance by February 15, 1996, with its recommendations, funding needs, and potential funding sources to carry out the multijurisdictional reinvestment program. This appropriation does not lapse, and is available until spent.

\$450,000 the first year and \$515,000 the second year are from fees collected under Minnesota Statutes, section 446A.04, subdivision 5, and credited to the general fund to administer the programs of the public facilities authority.

\$250,000 is for the state's share for a matching defense conversion grant to Hennepin and Ramsey counties from the United States department of commerce economic development administration. The state and local government contribution must be matched at least three to one by the federal government.

This appropriation is available until spent.

Subd. 3. Minnesota Trade Office

2,304,000	2,318,000
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\$150,000 the first year and \$150,000 the second year are for state participation in the federal City-State Leveraged Financing Program.

Subd. 4. Tourism

8,172,000	8,147,000
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Summary by Fund

General	7,502,000	7,477,000
Trunk Highway	670,000	670,000

\$100,000 is for the costs of activities by the commissioner of trade and economic development to resolve a dispute concerning fishing restrictions in Ontario waters that unduly restrict the rights of Minnesota residents to take fish by angling in border waters. The commissioner may use this appropriation for (1) a grant to the attorney general to study a legal challenge in the courts of Ontario or any other available forum to actions of that province relating to fishing rights of Minnesotans in border waters, (2) efforts to mediate the dispute, (3) seeking recourse through the mechanisms of international trade agreements, or (4) other actions the commissioner deems necessary to achieve a resolution. This appropriation is available until spent.

\$100,000 the first year and \$175,000 the second year are for expanded group tour marketing and to host the National Tour Association Convention in Minnesota in 1996.

To develop maximum private sector involvement in tourism, \$2,500,000 the first year and \$2,500,000 the second year of the amounts appropriated for marketing activities are contingent upon

receipt of an equal contribution of non-state sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions. This appropriation may not be spent until the money is matched. Of this appropriation, \$400,000 the first year and \$400,000 the second year are for international marketing and tourism promotion to maximize international tourism to Minnesota and to promote Minnesota goods and services in the international market place. The office of tourism shall consult with the trade office in these promotional efforts. The office shall report on January 1, 1997, to the chairs of the legislative committees with jurisdiction over economic development policy and finance on these promotional efforts.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

Any unexpended money from general fund appropriations made under this subdivision do not cancel, but must be placed in a special advertising account for use by the office of tourism to purchase additional media.

If an appropriation for either year for grants is not sufficient, the appropriation for the other year is available for it.

\$229,000 the first year and \$229,000 the second year are for the Minnesota film board. This appropriation is available only upon receipt by the board of \$1 in matching contributions of money

or in-kind from nonstate sources for every \$3 provided by this appropriation.

The commissioner may use grant dollars or the value of in-kind services to provide the state contribution for the joint venture grant program.

Subd. 5. Administration

2,142,000 1,832,000

\$670,000 the first year and \$330,000 the second year are for network management services and support.

Sec. 3. MINNESOTA TECHNOLOGY, INC.

8,034,000 7,834,000

\$6,105,000 the first year and \$6,105,000 the second year are for transfer from the general fund to the Minnesota Technology, Inc. fund.

\$75,000 the first year and \$75,000 the second year are for grants to Minnesota Inventors Congress.

\$494,000 the first year and \$494,000 the second year are for grants to Minnesota Project Innovation.

\$1,147,000 the first year and \$947,000 the second year are for grants to Natural Resources Research Institute. Of this appropriation the institute shall spend \$200,000 the first year as follows:* (The language "and \$947,000 the second year" and "Of this appropriation the institute shall spend \$200,000 the first year as follows:" were vetoed by the governor.)

(1) \$100,000 is for a study of water quality impacts and permitting requirements related to peat harvesting operations. The study must include: (i) a review of existing water quality permitting requirements and the ability of peat producers to comply with these require-

ments; (ii) establishment and monitoring of representative background control and downstream sampling locations at selected peat harvesting operations; (iii) an evaluation of the use of innovative best management practices to minimize downstream water quality impacts; and (iv) development of a model water quality permit for peat harvesting operations in this state. By October 1, 1997, the institute shall report on the results of the study to the chairs of the senate and house environment and natural resources committees. The report must include recommendations, if any, for changes to existing state laws and rules relating to water quality permitting requirements for peat harvesting operations.* **(The preceding paragraph beginning "(1) \$100,000" was vetoed by the governor.)**

(2) \$100,000 is for a grant to Rainy River community college for a study of reclamation and restoration options for harvested peatlands. The grant recipient must submit to the chairs of the senate and house environment and natural resources committees a report on the study, including any recommendations for changes to existing laws and rules relating to reclamation and restoration of harvested peatlands.* **(The preceding paragraph beginning "(2) \$100,000" was vetoed by the governor.)**

\$88,000 the first year and \$88,000 the second year are for grants to Minnesota Council for Quality.

\$50,000 the first year and \$50,000 the second year are for grants to Minnesota Technology Corridor Corporation.

\$75,000 the first year and \$75,000 the second year are for grants to Minnesota Cold Weather Research Center.

Sec. 4. WORLD TRADE CENTER CORP.	170,000	
Sec. 5. ECONOMIC SECURITY	51,952,000	47,772,000
Subdivision 1. Rehabilitation Services		
18,232,000	18,232,000	

\$100,000 the first year and \$100,000 the second year are for centers for independent living.

\$70,000 in 1996 and \$70,000 in 1997 is for mentally ill employment support services authorized by Minnesota Statutes, section 268A.13.

\$50,000 the first year and \$50,000 the second year are for purposes of planning, implementing, and managing the statewide reimbursement system authorized by Minnesota Statutes, section 268A.14.

Subd. 2. State Services for the Blind		
3,638,000	3,659,000	

This appropriation may be supplemented by funds provided by the Friends of the Communication Center, for support of Services for the Blind's Communication Center, which serves all blind and visually handicapped Minnesotans. The commissioner shall report to the legislature on a biennial basis the funds provided by the Friends of the Communication Center.

Subd. 3. Community-Based Services		
30,082,000	25,881,000	

\$935,000 the first year and \$935,000 the second year are for operating costs of transitional housing programs under Minnesota Statutes, section 268.38.

\$7,000,000 the first year and \$7,000,000 the second year are for the Minnesota economic opportunity grant program. Of this appropriation the commissioner may use up to 8.7 percent each year for state operations.

For the biennium ending June 30, 1997, the commissioner shall transfer to the low-income home weatherization program at least five percent of the money received under the low-income home energy assistance block grant in each year of the biennium and shall spend all of the transferred money during the year of the transfer or the year following the transfer. Up to 1.63 percent of the transferred money may be used by the commissioner for administrative purposes.

For the biennium ending June 30, 1997, no more than 1.63 percent of money remaining under the low-income home energy assistance program after transfers to the weatherization program may be used by the commissioner for administrative purposes.

The state appropriation for the temporary emergency food assistance program may be used to meet the federal match requirements.

\$100,000 the first year and \$100,000 the second year are for youth intervention programs under Minnesota Statutes, section 268.30, subdivisions 1 and 2. Funding may be used to expand existing programs to serve unmet needs and to create new programs in underserved areas. In awarding these new funds, the commissioner may waive or modify the requirement for local match when this requirement deters expansion to underserved communities or populations. This appropriation is available until spent.

Notwithstanding Minnesota Statutes, section 268.022, subdivision 2, the commissioner of finance shall transfer to the general fund from the dedicated fund \$3,000,000 in the first year and \$3,000,000 in the second year of the

money collected through the special assessment established in Minnesota Statutes, section 268.022, subdivision 1.

Of this appropriation, \$3,000,000 the first year is for summer youth employment programs.

Of the money appropriated for the summer youth employment programs for the first year, \$750,000 is immediately available. Any remaining balance of the immediately available money is available for the year in which it is appropriated. If the appropriation for either year of the biennium is insufficient, money may be transferred from the appropriation for the other year.

\$200,000 the first year is for youth employment and for housing for the homeless through the YOUTHBUILD program. A Minnesota YOUTHBUILD program funded under this section as authorized in Minnesota Statutes, sections 268.361 to 268.367 qualifies as an approved training program under Minnesota Rules, part 5200.0930, subpart 1.

Of the appropriation for Head Start, the commissioner may use up to two percent each year for state operations.

\$250,000 is for the learn to earn summer youth employment demonstration program established in section 39. This appropriation is available until spent.

Sec. 6. HOUSING FINANCE
AGENCY

30,082,000 17,532,000

This appropriation is for transfer to the housing development fund for the programs specified. This transfer is part of the agency's permanent budget base.

Any state appropriations used to meet match requirements under Title II of the National Affordable Housing Act of

1990, Public Law Number 101-625, 104 Stat. 4079, must be repaid, to the extent required by federal law, to the HOME Investment Trust Fund established by the department of housing and urban development pursuant to Title II of the National Affordable Housing Act of 1990 for the state of Minnesota or for the appropriate participating jurisdiction.

State appropriations to the Minnesota housing finance agency may be granted by the agency to cities or nonprofit organizations to the extent necessary to meet match requirements under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, 104 Stat. 4079, provided that other program requirements are met.

Spending limit on cost of general administration of agency programs:

1996	1997
10,493,000	9,911,000

\$1,200,000 the first year and \$1,200,000 the second year are for a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097.

\$6,000,000 is for the affordable rental investment fund program. To the extent practicable, this appropriation shall be used so that an approximately equal number of housing units are financed in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, and in the nonmetropolitan area.

(a) In the area of the state outside the metropolitan area, the agency must work with groups in the funding regions created under Minnesota Statutes, section 116N.08 to assist the agency in

identifying the affordable housing needed in each region in connection with economic development and redevelopment efforts and in establishing priorities for uses of the affordable rental investment fund. The groups must include the regional development commissioners, the regional organization selected under section 116N.08, the private industry councils, units of local government, community action agencies, the Minnesota housing partnership network groups, local lenders, for-profit and nonprofit developers, and realtors. In addition to priorities developed by the group, the agency must give a preference to economically viable projects in which units of local government, area employers, and the private sector contribute financial assistance.

(b) In the metropolitan area, the commissioner shall collaborate with the metropolitan council to identify the priorities for use of the affordable rental investment fund. Funds distributed in the metropolitan area must be used consistent with the objectives of the metropolitan development guide, adopted under Minnesota Statutes, section 473.145. In addition to the priorities identified in conjunction with the metropolitan council, the agency shall give preference to economically viable projects that:

- (1) include a contribution of financial resources from units of local government and area employers;
- (2) take into account the availability of transportation in the community; and
- (3) take into account the job training efforts in the community.

\$5,800,000 is for the community rehabilitation program. Of this amount,

\$250,000 each year is for full cycle home ownership and purchase-rehabilitation lending initiatives. At least 20 percent of this appropriation must be used in areas in a city of the first class located in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, in which at least one census tract meets at least three of the four following criteria:

(1) at least 70 percent of the housing structures were built before 1960;

(2) at least 60 percent of the single-family housing is owner occupied;

(3) the median value, as recorded in the 1990 federal decennial census, of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) between 1980 and 1990, the rate of owner-occupancy of residential properties in the area declined by five percent, or at least 80 percent of the residential properties in the area are rental properties.

The area shall include eight blocks in any direction from the census tract.

In cities of the first class located in the metropolitan area the appropriation may be used only for grants and loans for owner-occupied housing. Priority must be given for property located in an area that meets all four of the criteria. This appropriation may fund grants in an amount greater or less than \$350,000 and a grantee may receive grants to serve one or more census tracts within a city.

In distributing funds available from the 1994 Series E bond sale, the agency, in

accordance with the terms of that sale, shall give priority to requests for use of the funds in cities which receive funding from this appropriation to the community rehabilitation program.

\$150,000 is for equal grants to the six regional organizations selected under Minnesota Statutes, section 116N.08, for capacity building grants and if the appropriation is not spent under that section it is available for the capacity building grant program under Minnesota Statutes, section 462A.21, subdivision 3b.

\$187,000 the first year and \$187,000 the second year are for the urban Indian housing program under Minnesota Statutes, section 462A.07, subdivision 15.

\$1,683,000 the first year and \$1,683,000 the second year are for the tribal Indian housing program under Minnesota Statutes, section 462A.07, subdivision 14.

\$186,000 the first year and \$186,000 the second year are for the Minnesota rural and urban homesteading program under Minnesota Statutes, section 462A.057.

The agency may use up to \$1,000,000 of available resources for the purpose of making loans under the Minnesota rural and urban homesteading program established under Minnesota Statutes, section 462A.057, subdivision 1. The commissioner shall report to the relevant finance divisions in the house of representatives and senate on the outcomes of this program January 15 of each year.

\$500,000 is for the purpose of residential lead paint and lead contaminated soil abatement under Minnesota Statutes, section 462A.05, subdivision 15c, paragraph (b).* (The preceding para-

graph beginning "\$500,000" was vetoed by the governor.)

\$4,287,000 the first year and \$4,287,000 the second year are for the housing rehabilitation and accessibility program under Minnesota Statutes, section 462A.05, subdivision 14a.

\$1,500,000 the first year and \$1,500,000 the second year are for the rent assistance for family stabilization program under Minnesota Statutes, section 462A.205.

\$100,000 is for the contract for deed guarantee account.

\$200,000 the first year and \$200,000 the second year are for family homeless prevention and assistance program.

\$200,000 the first year and \$200,000 the second year are for the emergency mortgage foreclosure prevention and emergency rental assistance program.* (The preceding language "and \$200,000 the second year are" was vetoed by the governor.)

\$25,000 the first year and \$25,000 the second year are for home equity conversion counseling grants under Minnesota Statutes, section 462A.28.

Sec. 7. COMMERCE

Subdivision 1. Total Appropriation	15,087,000	15,162,000
Summary by Fund		
General	13,913,000	13,979,000
Petro Cleanup	838,000	842,000
Special Revenue	336,000	341,000

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

Subd. 2. Financial Examinations	
3,775,000	3,790,000

Subd. 3. Registration and Analysis
3,995,000 4,002,000

Subd. 4. Enforcement and Licensing
3,913,000 3,934,000

Summary by Fund

General	3,577,000	3,593,000
Special Revenue	336,000	341,000

\$336,000 the first year and \$341,000 the second year are from the real estate education, research, and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

Subd. 5. Petroleum Tank Release

Cleanup Board
838,000 842,000

This appropriation is from the petroleum tank release cleanup account in the environmental fund for administration.

Subd. 6. Administrative Services
2,716,000 2,744,000

Subd. 7. General Reduction
(150,000) (150,000)

Sec. 8. BOARD OF ACCOUNTANCY	537,000	558,000
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Sec. 9. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEY- ING, LANDSCAPE ARCHITEC- TURE, AND INTERIOR DESIGN	100,000	625,000	635,000
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The appropriation for fiscal year 1995 is for legal fees and is available until June 30, 1997.

Sec. 10. BOARD OF BARBER EXAM- INERS		128,000	129,000
Sec. 11. BOARD OF BOXING		75,000	75,000
Sec. 12. LABOR AND INDUSTRY			
Subdivision 1. Total Appropriation		23,136,000	20,680,000
	Summary by Fund		
General	3,866,000	3,883,000	
Workers' Compensation	407,000 19,270,000	16,797,000	

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

Subd. 2. Workers' Compensation Regulation and Enforcement

	407,000	11,861,000	9,412,000
	Summary by Fund		
General	100,000	100,000	
Special Compensation	407,000 11,761,000	9,312,000	

The appropriation for fiscal year 1995 is from the special compensation fund for litigation expenses.

\$2,500,000 the first year is from the worker's compensation special compensation fund for the Daedalus imaging systems project, to be available until June 30, 1997.

\$100,000 in the first year and \$100,000 in the second year are for grants to the Vinland Center for rehabilitation service.

Notwithstanding Minnesota Statutes, section 79.253, \$45,000 the first year and \$45,000 the second year are appropriated from the assigned risk safety account in the special compensation fund to the commissioner of labor and industry for the purpose of providing information to employers regarding the prevention of violence in the workplace.

Notwithstanding Minnesota Statutes,

section 79.253, \$140,000 the first year and \$140,000 the second year are appropriated from the assigned risk safety account in the special compensation fund to the commissioner of labor and industry for the purpose of hiring two occupational safety and health inspectors. The inspectors shall perform safety consultations for employers through labor-management committees as defined in Minnesota Statutes, section 179.81, subdivision 2, under an interagency agreement entered into between the commissioners of labor and industry and mediation services.

Subd. 3. Workplace Services

5,353,000	5,339,000	
	Summary by Fund	
General	2,516,000	2,527,000
Workers' Comp.	2,837,000	2,812,000

Subd. 4. General Support

5,922,000	5,929,000	
	Summary by Fund	
General	1,250,000	1,256,000
Workers' Compensation	4,672,000	4,673,000

\$204,000 the first year and \$204,000 the second year are for labor education and advancement program grants.

Sec. 13. MEDIATION SERVICES

Subdivision 1. Total Appropriation	1,820,000	1,823,000
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Subd. 2. Labor Management Cooperation Grants

222,000	222,000
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\$222,000 the first year and \$222,000 the second year are for grants to area labor-management committees. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Subd. 3. Office of Dispute Resolution
81,000 81,000

Sec. 14. WORKERS' COMPENSA-
TION COURT OF APPEALS 1,371,000 1,382,000

This appropriation is from the special
compensation fund.

Sec. 15. LABOR INTERPRETIVE
CENTER 140,000 200,000

Sec. 16. PUBLIC UTILITIES COM-
MISSION 3,244,000 3,219,000

Sec. 17. DEPARTMENT OF PUBLIC
SERVICE

Subdivision 1. Total Appropriation 8,797,000 8,763,000

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

Subd. 2. Telecommunications
761,000 767,000

Subd. 3. Weights and Measures
2,926,000 2,937,000

Subd. 4. Information and Operations
Management
1,461,000 1,472,000

Subd. 5. Energy
3,649,000 3,587,000

\$588,000 the first year and \$588,000
the second year are for transfer to the
energy and conservation account estab-
lished in Minnesota Statutes, section
216B.241, subdivision 2a, for programs
administered by the commissioner of
economic security to improve the
energy efficiency of residential oil-fired
heating plants in low-income house-
holds and, when necessary, to provide
weatherization services to the homes.

Sec. 18. MINNESOTA HISTORICAL
SOCIETY

Subdivision 1. Total Appropriation 18,889,000 18,832,000

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

The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies if one is available. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.

Subd. 2. Public Programs and Operations	18,434,000	18,500,000
(a) History Center Operations		
9,043,000	9,043,000	
(b) History Center Building Services		
5,568,000	5,568,000	
(c) Historic Site Operations		
2,749,000	2,815,000	
(d) Statewide Outreach		
644,000	644,000	
(e) Repair and Replacement		
430,000	430,000	
Subd. 3. Fiscal Agent	455,000	332,000
(a) State Archaeologist		
104,000	104,000	
(b) Sibley House Association		
88,000	88,000	

This appropriation is available for operation and maintenance of the Sibley house and related buildings on the Old Mendota state historic site operated by the Sibley house association.

(c) Minnesota International Center		
50,000	50,000	
(d) Minnesota Air National Guard Museum		
19,000		
(e) Institute for Learning and Teaching		
- Project 120		
90,000	90,000	

(f) Minnesota Military Museum
29,000

(g) Farmamerica
25,000

Notwithstanding any other law, this appropriation may be used for operations.

(h) Kee theatre
25,000

(i) Federal National Guard Museum
25,000

(j) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 4. Preservation grants

Notwithstanding Laws 1994, chapter 643, section 19, subdivision 5, the historical society may award grants from the unexpended balance under that subdivision to public agencies or entities based on historical preservation purposes and needs. The society shall require significant matching money for such projects. A grant awarded under this section for historical preservation is not subject to the requirements of Minnesota Statutes, section 16A.695.

Subd. 5. Carryover

Amounts appropriated under Laws 1993, chapter 369, section 12, subdivisions 2, 3, 4, and 5, do not cancel on June 30, 1995, but are available until June 30, 1997.

Sec. 19. MINNESOTA HUMANITIES COMMISSION

586,000

586,000

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 20. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	6,897,000	6,903,000
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Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.

Subd. 2. Operations and Services	690,000	693,000
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Subd. 3. Grants Program	4,781,000	4,783,000
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The board shall spend this appropriation to ensure that at least ten percent of the expenditure is for arts programs intended primarily for children.

Subd. 4. Regional Arts Councils	1,426,000	1,427,000
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The board shall distribute this appropriation to the regional arts councils to ensure that ten percent of the total distribution in each region is for arts programs intended primarily for children.

Sec. 21. MINNESOTA MUNICIPAL BOARD	300,000	287,000
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Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 22. UNIFORM LAWS COMMISSION	29,000	29,000
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Sec. 23. COUNCIL ON BLACK MINNESOTANS	229,000	232,000
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The appropriation for the second year is contingent on submission of the report required in section 35.

Sec. 24. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	246,000	248,000
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During the biennium ending June 30, 1997, council publications may contain advertising. Receipts from advertising are appropriated to the council for purposes of council publications. For the biennium ending June 30, 1997, the

council shall report to the legislature on the revenues and expenditures from advertising by February 15 each year.

The appropriation for the second year is contingent on submission of the report required in section 35.

Sec. 25. COUNCIL ON ASIAN-PACIFIC MINNESOTANS

198,000 200,000

The appropriation for the second year is contingent on submission of the report required in section 35.

Sec. 26. INDIAN AFFAIRS COUNCIL

508,000 463,000

For the biennium ending June 30, 1997, federal money received for the Indian affairs council is appropriated to the council and added to this appropriation.

The appropriation for the second year is contingent on submission of the report required in section 35.

Sec. 27. SECRETARY OF STATE

Subdivision 1. Total Appropriation

6,617,000 5,573,000

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

Subd. 2. Administration

938,000 947,000

Subd. 3. Operations

5,231,000 4,103,000

The legislature estimates that the increase in fees for expedited processing under Minnesota Statutes, section 5.14, provided for by this act, will increase revenue to the general fund by \$350,000 the first year and \$350,000 the second year.

Subd. 4. Election Administration

448,000 523,000

Sec. 28. BOARD FOR COMMUNITY COLLEGES

300,000

This appropriation is to the state board for community colleges or its successor for the design through development of construction documents, to the extent possible given the amount of the appropriation, for a residential facility at Fond du Lac community college. The facility is intended for Indian students, to help immerse them in Indian culture while attending the college. The board shall include the facility in its capital budget request for consideration by the 1996 legislature. This appropriation is available until expended.

Sec. 29. ETHICAL PRACTICES BOARD

308,000

This appropriation is for fiscal year 1995. Of this appropriation, \$291,000 is for litigation expenses and \$17,000 is for severance costs.

Sec. 30. EFFECTIVE DATE FOR LAWS 1995, CHAPTER 22.

Laws 1995, chapter 22, is effective March 28, 1995. This section is effective the day following final enactment.

Sec. 31. Laws 1994, chapter 573, section 5, subdivision 2, is amended to read:

Subd. 2. **PUBLIC UTILITIES COMMISSION; RESEARCH PROJECTS.** \$150,000, or so much of this amount as may be needed, is appropriated from the general fund to the public utilities commission to complete the work of the team of science advisors as specified in section 1 or initiate research projects in fiscal year 1995 as recommended by the team of science advisors and approved by the commission. Any amount of this appropriation that remains unencumbered after June 30, 1996, reverts to the general fund.

Sec. 32. Laws 1993, chapter 369, section 9, subdivision 2, is amended to read:

Subd. 2. Workers' Compensation Regulation and Enforcement

14,961,000	9,410,000	
	Summary by Fund	
General	100,000	100,000
Workers' Comp.	14,861,000	9,310,000

\$5,000,000 the first year from the spe-

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

cial compensation fund is for the Daedalus imaging systems project. This appropriation must not be allotted until the commissioner certifies that all information policy office requirements for this project have been met or will be met. This appropriation is available ~~for either year of the biennium~~ until June 30, 1997.

\$100,000 in the first year and \$100,000 in the second year are for grants to the Vinland Center for rehabilitation service.

Fee receipts collected as a result of providing direct computer access to public workers' compensation data on file with the commissioner must be credited to the general fund.

Sec. 33. Laws 1993, chapter 369, section 9, subdivision 3, is amended to read:

Subd. 3. Workplace Services

5,455,000	4,744,000	
	Summary by Fund	
General	2,704,000	2,703,000
Workers' Comp.	2,751,000	2,041,000

This appropriation includes the transfer of the industrial hygiene activity from the department of health. The appropriation for this activity is from the special compensation fund.

\$710,000 the first year from the special compensation fund is for litigation of alleged ergonomic violations cases under the occupational safety and health act (OSHA). This appropriation is available ~~for either year of the biennium~~ until June 30, 1997.

Sec. 34. **BASE CUT TRANSFERS.**

For any agency assigned base cuts in this act, the proportion of agency base cuts for pass-through grants compared to total agency base cuts may not exceed the proportion of dollars appropriated for pass-through grants in the agency compared to total dollars appropriated to that agency.

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

Sec. 35. COUNCILS TO REPORT.

(a) The Indian affairs council, the council on affairs of Spanish-speaking people, the council on Black Minnesotans, and the council on Asian-Pacific Minnesotans shall, individually and jointly as provided in paragraph (b), conduct a study of each council's membership and operations. Each council's study must contain recommendations on:

- (1) removal of council members by the governor;
- (2) statutory requirements and qualifications for council membership;
- (3) appointment of the council director, including qualifications;
- (4) methods of reducing overall costs of the councils through sharing of staff and administrative expenses;
- (5) methods of improving coordination with other state agencies;
- (6) methods of reducing burdensome reporting requirements without compromising accountability;
- (7) methods of educating council members in management issues for state agencies, including but not limited to statewide budget and accounting practices, management practices, and legal liability; and
- (8) a statement of the mission of each council and measurable impact goals for each council.

(b) Each council must make all feasible efforts to coordinate its study with each other council's study, to achieve the maximum possible consistency in recommendations.

(c) Each council must consult with the governor's office in studying paragraph (b), items (1) to (3).

(d) Each council must submit its report to the legislature by February 1, 1996.

Sec. 36. STUDY TO ASSESS BENEFITS OF CIVIC CENTERS.

The division of tourism of the department of trade and economic development shall conduct a statewide study assessing the benefits of publicly owned civic and convention centers to the convention and tourism industry in the state. The results of the study shall be reported to the house capital investment committee and the senate finance committee by September 30, 1995. A copy of the study shall be given to the governor and to the commissioner of finance, who shall consider whether to include funding for civic and convention centers in the 1996 capital budget.

Sec. 37. WORKERS' COMPENSATION DIVISION; SALARIES; MANAGERIAL PLAN.

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

Funds appropriated to the department of labor and industry may not be used to pay the salaries for any positions in the managerial plan under Minnesota Statutes, section 43A.18, subdivision 3, in the workers' compensation division unless the positions existed on October 1, 1994, and had been filled on or before that date. This section does not prohibit the addition or modification of duties or responsibilities to existing managerial plan positions.

Sec. 38. BRANDON FISHERIES ACQUISITION.

The commissioner of trade and economic development shall study whether it is economically feasible and otherwise appropriate for the state to acquire the Brandon fisheries property near Brandon, Minnesota, for the purpose of a rest stop or tourism information center. The results of the study shall be reported to the relevant finance divisions and committees of the legislature by January 15, 1996.

Sec. 39. DEMONSTRATION PROGRAM.

The commissioner of economic security shall fund a demonstration program for summer youth employment which requires that youth who are otherwise eligible for employment under Minnesota Statutes, sections 268.56 and 268.561, participate in a program of remedial education involving reading and writing skills in both a learning and teaching capacity as part of summer youth programs. The commissioner shall evaluate the success of the program and report to the chairs of the jobs, energy, and community development committee of the senate and the economic development, infrastructure, and regulation finance committee of the house of representatives.

Sec. 40. REGIONAL PROGRAM TO IDENTIFY ENERGY-EFFICIENCY INVESTMENT OPPORTUNITIES FOR BUSINESS.

Subdivision 1. PURPOSE. A grant program for fiscal year 1996 is established to support regional efforts to identify energy-efficiency investments for businesses to provide opportunities for economic growth and job creation.

Subd. 2. GRANT APPLICATION AND REVIEW PROCESS. Regional development commissions are eligible to apply to the commissioner of public service for grants under this section. Applications must be submitted to the commissioner in the form and manner determined by the commissioner. The applicant must specify a process for identifying business and industrial sectors most appropriate for making changes in energy use. This regional process may include surveys, interviews, and regional forums to identify opportunities for energy-efficiency improvements and the use of new energy resources by businesses.

The applicant must identify and retain the services of an appropriate non-profit corporation to provide the technical expertise to assess energy-efficiency opportunities in new, existing, and expanding businesses, to analyze the cost-effectiveness of the opportunities, and to facilitate relationships among utilities, energy service providers, businesses, and public agencies that result in cost-

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effective investments in energy-efficiency improvements that contribute to economic development. These efforts must be designed to maximize participation in utility conservation and energy efficiency programs and to promote the growth of the energy service industry in the region, which includes engineering firms, distributors, contractors, and other energy service providers.

In each participating region, the regional development commission shall establish a project oversight committee that shall consist of a labor representative, a utility representative, a business representative, and not more than two additional members. This committee shall review and approve the project work plan and proposed activities and energy-efficiency installations undertaken as part of the project.

Subd. 3. EVALUATION. Each grant proposal must include a process for evaluating the specific business cost savings resulting from the regional energy-efficiency program activity.

Subd. 4. REPORT. The commissioner of public service shall report to the legislature by January 1, 1997, on the business investments in energy-efficiency technology which resulted from the grant program.

Sec. 41. RADIO TALKING BOOK FOR THE BLIND.

The commissioner of the department of economic security, the Friends of the Communication Center, the Rehabilitation Advisory Council of the Blind, and consumer organizations of the blind must initiate open public discussions regarding privatization of the Radio Talking Book for the Blind. The discussions must include, but not be limited to, a study of the Radio Talking Book, its state-wide coverage, effectiveness of service, staffing, funding, programming, and the relationship between State Services for the Blind, the Friends of the Communication Center, consumer organizations of the blind, and Radio Talking Book consumers.

Sec. 42. EXTENDED EMPLOYMENT AUDITS.

The department of economic security, division of vocational rehabilitation, must complete its audit and reconciliation for extended employment programs according to the following schedule:

- (1) fiscal year 1991 by April 14, 1995;
- (2) fiscal year 1992 by July 28, 1995;
- (3) fiscal year 1993 by July 28, 1995; and
- (4) fiscal year 1994 by June 1, 1996.

Sec. 43. LEGISLATIVE AUDITOR; ECONOMIC RECOVERY GRANT PROGRAM.

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

The legislative audit commission is requested to direct the legislative auditor to conduct an evaluation of the economic recovery grant program under Minnesota Statutes, section 116J.873. The evaluation must include an audit of loans and grants made under the program and the criteria used in selecting projects for grants and loans. The legislative auditor shall report the results of the evaluation to the legislature by January 15, 1996.

Sec. 44. LEGISLATIVE AUDITOR; BUSINESS ASSISTANCE PROGRAMS.

The legislative audit commission is requested to direct the legislative auditor to conduct an evaluation of business assistance programs of state and local governments and report the results of the evaluation to the legislature by January 15, 1996. The evaluation must include tax increment financing assistance. The evaluation must identify the source of public funds for each project, number of jobs proposed or promised at the time of application and the number of jobs created, estimated number of jobs retained, salary and benefit distribution and dispersal by company for the jobs resulting from the public assistance, the number and name of projects approved, and, if possible, the number of jobs displaced by the assistance.

The salary distribution must show the number of employees in salary per hour bands, one dollar in width, beginning with the minimum wage and proceeding to the maximum salary paid.

Sec. 45. WASTE WOOD COGENERATION FACILITIES; BIOMASS MANDATE.

Electric energy produced at a St. Paul district heating and cooling system cogeneration facility which utilizes waste wood as a primary fuel source may also count toward satisfaction of up to 25 megawatts of the amount of biomass energy required by Minnesota Statutes, section 216B.2424, clause (2), provided that:

(1) the cogeneration facility utilizes nonhazardous tree trimmings and other nonhazardous waste wood, including, but not limited to, wood that would otherwise be landfilled or burned in a process not designed to reclaim and use the energy contained therein as a primary fuel source; and

(2) the cogenerated thermal load of such facility replaces a thermal load produced by nonrenewable fuels; and

(3) construction of the cogeneration facility begins after August 1, 1995.

All projects seeking to satisfy the biomass mandate of Minnesota Statutes, section 216B.2424, in whole or in part must be selected in a competitive bidding process or such other selection process approved by the public utilities commission.

Sec. 46. SUSTAINABLE BIOMASS ENERGY PRODUCTION PROJECT; TECHNICAL ASSISTANCE AND SUPPORT.

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

The commissioner of the department of agriculture, in collaboration and consultation with the commissioners of the departments of natural resources, trade and economic development, and public service, shall provide technical assistance and support to the Sustainable Biomass Energy Production Project, a joint effort of the University of Minnesota, the Minnesota Valley Alfalfa Producers, and other public and private interests. The support shall include assistance in analysis of environmental and economic benefits of the proposed project, assistance in developing feasibility and market assessments of the alfalfa-derived coproducts that would be produced by the project, and assistance to aid the project in securing a grant from the United States Department of Energy and the United States Department of Agriculture under the Biomass Power for Rural Development Initiative. The assistance provided under this section shall terminate June 30, 1997.

Sec. 47. COGENERATION; POWER PLANT SITING ACT EXEMPTION.

(a) A person who proposes to construct a cogeneration facility which utilizes gasified petroleum coke as its primary fuel source which is derived as a by-product of the oil refining process at an oil refining facility owned by the person proposing the project may identify a single site for the project in its application under Minnesota Statutes, section 116C.57, subdivision 1, instead of the two sites normally required under that subdivision, if the site is in reasonable proximity to the thermal host of the cogeneration plant. For the purposes of this subdivision, the "thermal host" of a cogeneration plant means the facility in which the thermal energy produced by the cogeneration plant is to be utilized. The environmental quality board shall determine whether the cogeneration facility is reasonably proximate to the thermal host with the understanding that the site should be adjacent to or contiguous with the site of the thermal host whenever practicable.

(b) A person who proposes to construct a cogeneration facility as described in paragraph (a) may apply to the environmental quality board to exempt the construction from the requirements of Minnesota Statutes, sections 116C.51 to 116C.69, under the provisions of Minnesota Statutes, section 116C.57, subdivision 5a, notwithstanding the size restrictions found in that subdivision. All other requirements of Minnesota Statutes, section 116C.57, subdivision 5a, apply to an application for an exemption under this subdivision. If the board determines that the proposed site will not have a significant human and environmental impact, the board may exempt the construction of the proposed plant at the proposed site from the requirements of Minnesota Statutes, sections 116C.51 to 116C.69 with any appropriate conditions.

Sec. 48. Minnesota Statutes 1994, section 5.14, is amended to read:

5.14 TRANSACTION SURCHARGE.

The secretary of state may impose a surcharge of ~~\$10~~ \$20 on each transaction involving over-the-counter expedited service; ~~other than simple copying requests;~~ that takes place at the office of the secretary of state.

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

Sec. 49. Minnesota Statutes 1994, section 16B.08, subdivision 7, is amended to read:

Subd. 7. **SPECIFIC PURCHASES.** (a) The following may be purchased without regard to the competitive bidding requirements of this chapter:

- (1) merchandise for resale at state park refectories or facility operations;
- (2) farm and garden products, which may be sold at the prevailing market price on the date of the sale;
- (3) meat for other state institutions from the technical college maintained at Pipestone by independent school district No. 583; and
- (4) products and services from the Minnesota correctional facilities.

(b) Supplies, materials, equipment, and utility services for use by a community-based residential facility operated by the commissioner of human services may be purchased or rented without regard to the competitive bidding requirements of this chapter.

(c) Supplies, materials, or equipment to be used in the operation of a hospital licensed under sections 144.50 to 144.56 that are purchased under a shared service purchasing arrangement whereby more than one hospital purchases supplies, materials, or equipment with one or more other hospitals, either through one of the hospitals or through another entity, may be purchased without regard to the competitive bidding requirements of this chapter if the following conditions are met:

- (1) the hospital's governing authority authorizes the arrangement;
- (2) the shared services purchasing program purchases items available from more than one source on the basis of competitive bids or competitive quotations of prices; and
- (3) the arrangement authorizes the hospital's governing authority or its representatives to review the purchasing procedures to determine compliance with these requirements.

~~(d) Supplies, materials, equipment, and utility services to be used or purchased by the iron range resources and rehabilitation board are subject to the competitive bidding requirements of this chapter only as described in section 298.2211, subdivision 3a.~~

Sec. 50. Minnesota Statutes 1994, section 44A.01, subdivision 2, is amended to read:

Subd. 2. **BOARD MEMBERSHIP.** The corporation is governed by a board of directors consisting of:

- (1) four members, representing the international business community,

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elected to six-year terms by the association of members established under section 44A.023, subdivision 2, clause (5);

(2) four members, representing the international business community, appointed by the governor, to serve at the governor's pleasure;

(3) the mayor of St. Paul or the mayor's designee; ~~and~~

(4) the commissioners of trade and economic development, agriculture, and commerce; and

(5) three members of the house appointed by the speaker of the house and three members of the senate appointed under the rules of the senate, who serve as nonvoting members. One member from each house must be a member of the minority party of that house. Legislative members are appointed at the beginning of each regular session of the legislature for two-year terms. A legislator who remains a member of the body from which the legislator was appointed may serve until a successor is appointed and qualifies. A vacancy in a legislator member's term is filled for the unexpired portion of the term in the same manner as the original appointment.

Members appointed by the governor must be knowledgeable or experienced in international trade in products or services.

Sec. 51. Minnesota Statutes 1994, section 97A.531, is amended by adding a subdivision to read:

Subd. 7. POSSESSION OF FISH ON LAKE OF THE WOODS. While in Minnesota, a person permitted to take and possess fish in Minnesota and licensed by the province of Ontario to take and possess fish may possess the daily limit of fish allowed by the Ontario border water conservation tag, if the fish taken in Ontario were taken on Ontario waters of Lake of the Woods north of Big Island.

Sec. 52. [97A.552] FISHING REGULATIONS; EXECUTIVE ORDER.

Subdivision 1. ORDER AUTHORIZED. (a) The governor may by executive order:

(1) require that fish that are lawfully taken by angling and possessed in Canada be brought into the state in-the-round;

(2) authorize fish lawfully taken by angling in Canada to be transported within the state or out of the state by a nonresident;

(3) require that a Minnesota resident transporting in Minnesota fish that have been taken by angling in Canada possess a Minnesota angling license; and

(4) require that any advertisement of fishing resorts or facilities in Canada in printed or broadcast form originating or distributed within the state must

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contain a summary of the requirement of clause (1) and penalty for noncompliance.

(b) An executive order issued under paragraph (a) is effective the day following the filing of a certified copy of it in the office of the secretary of state, and remains in effect until rescinded by order of the governor.

Subd. 2. PENALTY FOR NONCOMPLIANCE. A violation of an executive order imposing the requirement in subdivision 1, paragraph (a), clause (1), is a misdemeanor and, in addition to any criminal penalty imposed, fish brought into or transported within the state contrary to that executive order must be confiscated, and a penalty of \$10 for each fish must be imposed.

Sec. 53. Minnesota Statutes 1994, section 116J.552, subdivision 2, is amended to read:

Subd. 2. **CLEANUP COSTS.** "Cleanup costs" or "costs" ~~mean~~ means the cost costs of developing and implementing an approved a response action plan, but does not include implementation costs incurred before the award of a grant unless the application for the grant was submitted within 180 days after the response action plan was approved by the commissioner of the pollution control agency.

Sec. 54. Minnesota Statutes 1994, section 116J.555, subdivision 2, is amended to read:

Subd. 2. **APPLICATION CYCLES; REPORTING TO LCWM.** (a) In making grants, the commissioner shall establish ~~regular~~ semiannual application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.

(b) After each semiannual cycle in which grants are awarded, the commissioner shall report to the legislative commission on waste management the grants awarded and appropriate supporting information describing each grant made. This report must be made within 30 days after the grants are awarded.

(c) The commissioner shall annually report to the legislative commission on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

Sec. 55. Minnesota Statutes 1994, section 116J.873, subdivision 3, is amended to read:

Subd. 3. **GRANT EVALUATION.** The commissioner shall accept, review, and evaluate applications for grants to local units of government made in accordance with rules adopted for economic development grants in the small cities development program. Projects must be evaluated based on the existence of the following conditions:

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

(1) whether assistance is necessary to provide equity to business owners who do not have the capacity to invest in a project;

(2) whether there is an inability to secure sufficient financing from other public or private sources at market interest rates or on favorable market terms;

(3) whether assistance is necessary to attract out-of-state businesses or to retain existing business within the state; and

(4) whether there are excessive public infrastructure or improvement costs beyond the means of the affected community and private participants in the project.

A grant or loan cannot be made based solely on a finding that the condition in clause (3) exists. A finding must be made that a condition in clause (1), (2), or (4) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Sec. 56. Minnesota Statutes 1994, section 116J.873, is amended by adding a subdivision to read:

Subd. 5. SPORTS FACILITY. An economic recovery grant or loan cannot be used for a project related to a sports facility. For the purpose of this subdivision, "sports facility" means a building that has a professional sports team as a principal tenant.

Sec. 57. Minnesota Statutes 1994, section 116J.982, subdivision 3, is amended to read:

Subd. 3. **CERTIFICATION; CORPORATIONS ELIGIBLE.** (a) The commissioner shall certify a community development corporation under this section if the corporation is a nonprofit corporation incorporated under chapter 317A and meets the other criteria in this subdivision.

(b) The corporation, in its articles of incorporation or bylaws, must designate a low-income area as the specific geographic community within which it will operate. Within cities of the first class, a designated community must be an identifiable neighborhood or a combination of neighborhoods but may not be the entire city. Outside cities of the first class, a designated community may be an identifiable neighborhood or neighborhoods, or home rule charter or statutory cities, townships, unincorporated areas, or combinations of those entities, but may not be an entire economic development region nor cross existing economic development region boundaries except as provided in this section.

(c) The corporation's major purpose, in its articles of incorporation or bylaws, must be economic development, redevelopment, or housing in its designated community.

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

(d) The corporation must be tax exempt under section 501, paragraph (c), clause (3), of the Internal Revenue Code of 1986, as amended.

(e) The membership and board of directors of the corporation must be representative of the designated community. At least 20 percent of the directors shall have low incomes or shall reside in low-income areas described in subdivision 1, paragraph (e), clause (1), or the low-income subarea described in subdivision 1, paragraph (e), clause (2). At least 60 percent of the directors must be residents of, or be employed in, the designated community. Other directors shall be business, financial, or civic leaders or representatives-at-large of the designated community. At least 40 percent of the directors must reside in the designated community. Notwithstanding the requirements of this paragraph, a corporation which meets board structure requirements for a community housing development corporation under Code of Federal Regulations, title 24, part 92.2, is deemed to meet the board membership requirements of this subdivision.

(f) The corporation shall not discriminate against any persons on the basis of a status protected under chapter 363.

(g) The corporation shall demonstrate that it has or can obtain the technical skills to analyze projects, that it is familiar with available public and private funding sources and economic development, redevelopment, and housing programs, and that it is capable of packaging economic development, redevelopment, and housing projects.

(h) The corporation must have completed two or more economic development, redevelopment, or housing projects within its designated community during the last three years.

Sec. 58. [116J.991] PUBLIC ASSISTANCE TO BUSINESS; WAGE AND JOB REQUIREMENTS.

A business that receives state or local government assistance for economic development or job growth purposes must create a net increase in jobs in Minnesota within two years of receiving the assistance.

The government agency providing the assistance must establish wage level and job creation goals to be met by the business receiving the assistance. A business that fails to meet the goals must repay the assistance to the government agency.

Each government agency must report the wage and job goals and the results for each project in achieving those goals to the department of trade and economic development. The department shall compile and publish the results of the reports for the previous calendar year by June 1 of each year. The reports of the agencies to the department and the compilation report of the department shall be made available to the public.

For the purpose of this section, "assistance" means a grant or loan in excess of \$25,000 or tax increment financing.

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

Sec. 59. Minnesota Statutes 1994, section 116M.16, subdivision 2, is amended to read:

Subd. 2. **GIFTS; GRANTS; APPROPRIATION.** The board may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, loan, or agreement. Money received by the board under this subdivision must be deposited in a separate account in the state treasury and invested by the state board of investment. The amount deposited, including investment earnings, is appropriated to the board to carry out its duties.

Sec. 60. Minnesota Statutes 1994, section 116M.18, subdivision 4, is amended to read:

Subd. 4. **BUSINESS LOAN CRITERIA.** (a) The criteria in this subdivision apply to loans made under the urban challenge grant program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the urban challenge grant program.

(c) A loan must be used for a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them. ~~Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonpublic money leveraged by the loan.~~ Priority must also be given for loans to the lowest income areas.

(d) The minimum loan is \$5,000 and the maximum is \$150,000.

~~(e) With the approval of the commissioner, a loan may be used to provide up to 50 percent of the private investment required to qualify for a grant from the economic recovery account.~~

~~(f)~~ A loan must be matched by at least an equal amount of new private investment.

~~(g)~~ (f) A loan may not be used for a retail development project.

~~(h)~~ (g) The business must agree to work with job referral networks that focus on minority applicants from low-income areas.

Sec. 61. Minnesota Statutes 1994, section 116M.18, is amended by adding a subdivision to read:

Subd. 4a. MICROENTERPRISE LOAN. Urban challenge grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

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

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$1,000 and a maximum of \$10,000; and

(3) they do not require a match.

Sec. 62. Minnesota Statutes 1994, section 116M.18, subdivision 5, is amended to read:

Subd. 5. **REVOLVING FUND ADMINISTRATION; RULES.** (a) The board shall establish a minimum interest rate for loans to ensure that necessary loan administration costs are covered.

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in a revolving fund created by the board for challenge grants. The remaining amount of the loan repayment may be deposited in a revolving loan fund created by the nonprofit corporation originating the loan being repaid for further distribution, consistent with the loan criteria specified in subdivision 4.

(c) Administrative expenses of the board and nonprofit corporations with whom the board enters into agreements under subdivision 2 may be paid out of the interest earned on loans and out of interest earned on money invested by the state board of investment under section 116M.16, subdivision 2.

Sec. 63. Minnesota Statutes 1994, section 116N.03, subdivision 2, is amended to read:

Subd. 2. **GIFTS; GRANTS.** The board may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, loan, or agreement. Money received by the board under this subdivision must be deposited in a separate account in the state treasury and invested by the state board of investment. The amount deposited, including investment earnings, is appropriated to the board to carry out its duties.

Sec. 64. Minnesota Statutes 1994, section 116N.08, subdivision 5, is amended to read:

Subd. 5. **LOAN CRITERIA.** The following criteria apply to loans made under the challenge grant program:

(a) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the challenge grant program.

(b) A loan must be used for a project designed principally to benefit low-

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income persons through the creation of job or business opportunities for them. ~~Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonstate money leveraged by the revolving loan.~~

(c) The minimum loan is \$5,000 and the maximum is \$100,000.

(d) ~~With the approval of the commissioner, a loan may be used to provide up to 50 percent of the private investment required to qualify for a grant from the economic recovery account.~~

(e) A loan may not exceed 50 percent of the total cost of an individual project.

(f) ~~(e)~~ A loan may not be used for a retail development project.

(g) ~~(f)~~ A business applying for a loan, except a microenterprise loan under subdivision 5a, must be sponsored by a resolution of the governing body of the local governmental unit within whose jurisdiction the project is located.

Sec. 65. Minnesota Statutes 1994, section 116N.08, is amended by adding a subdivision to read:

Subd. 5a. MICROENTERPRISE LOANS. Challenge grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be for a minimum of \$1,000 and a maximum of \$10,000; and

(3) they do not require a match.

Sec. 66. Minnesota Statutes 1994, section 116N.08, subdivision 6, is amended to read:

Subd. 6. **REVOLVING FUND ADMINISTRATION.** (a) The board shall establish a minimum interest rate for loans to ensure that necessary management costs are covered.

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in the rural rehabilitation revolving fund for challenge grants to the region from which the money was originally designated. The remaining amount of the loan repayment may be deposited in the regional revolving loan fund for further distribution by the regional organization, consistent with the loan criteria specified in subdivisions 4 and 5.

(c) The first \$1,000,000 of revolving loans for each region must be matched by nonstate sources. The matching requirement does not apply to loans made under subdivision 6, clause (b).

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(d) Administrative expenses of each organization may be paid out of the interest earned on loans and on interest earned on money invested by the state board of investment under section 116N.03, subdivision 2.

Sec. 67. Minnesota Statutes 1994, section 124.85, is amended by adding a subdivision to read:

Subd. 2c. PAYMENT OF REVIEW EXPENSES. The commissioner of public service may charge a school district requesting services under subdivisions 2a and 2b actual costs incurred by the department while conducting the review, or one-half percent of the total identified project cost, whichever is less. Before conducting the review, the commissioner shall notify a school district requesting review services that expenses will be charged to the school district. The commissioner shall bill the school district upon completion of the contract review. Money collected by the commissioner under this subdivision must be deposited in the general fund. A district may include the cost of a review by the commissioner under subdivision 2a in a contract made pursuant to this section.

Sec. 68. Minnesota Statutes 1994, section 175.171, is amended to read:

175.171 POWERS AND DUTIES, DEPARTMENT OF LABOR AND INDUSTRY.

The department of labor and industry shall have the following powers and duties:

(1) to exercise all powers and perform all duties of the department consistent with the provisions of this chapter;

(2) to adopt reasonable and proper rules relative to the exercise of its powers and duties, and proper rules to govern its proceedings and to regulate the mode and manner of all investigations and hearings, which shall not be effective until ten days after their adoption, and a copy of these rules shall be delivered to every citizen making application therefor;

(3) to collect, collate, and publish statistical and other information relating to the work under its jurisdiction, to keep records and to make public reports in its judgment necessary; and on or before October 1 in each even-numbered year the department shall report its doings, conclusions, and recommendations to the governor, which report shall be printed and distributed by November 15 of each even-numbered year to the legislature pursuant to section 3.195, and otherwise as the department may direct;

(4) to establish and maintain branch offices as needed for the conduct of its affairs; and

(5) to provide direct computer access to and electronic data interchange of public and nonpublic workers' compensation data and other data maintained by the department and to charge a reasonable fee for the access and electronic data interchange, except that in no circumstances may a fee be charged an employee or the employee's attorney seeking access and data interchange to information

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about the employee's claim or circumstances. Notwithstanding any other law to the contrary, the fee receipts for providing the computer access to and electronic data interchange of data shall be deposited in the special compensation fund. Access to and electronic data interchange of nonpublic data shall be only as authorized by the subject of the data, as authorized in chapter 13, or as otherwise authorized by law.

Sec. 69. Minnesota Statutes 1994, section 176.011, subdivision 7a, is amended to read:

Subd. 7a. (1) **COMPENSATION JUDGE.** "Compensation judge" means a workers' compensation judge at the office of administrative hearings.

(2) **CALENDAR JUDGE.** "Calendar judge" means a workers' compensation judge at the office of administrative hearings.

(3) **SETTLEMENT JUDGE.** "Settlement judge" means a compensation judge at the department of labor and industry. Settlement judges may conduct settlement conferences, issue summary decisions, approve settlements and issue awards thereon, determine petitions for attorney fees and costs, and make other determinations, decisions, orders, and awards as may be delegated to them by the commissioner. Settlement judges must be learned in the law.

Sec. 70. Minnesota Statutes 1994, section 176.231, is amended by adding a subdivision to read:

Subd. 12. **REPORTS; ELECTRONIC MONITORING.** Beginning July 1, 1995, the commissioner shall monitor electronically all reports of injury, all payments for reported injuries, and compliance with all reporting and payment timelines.

Sec. 71. **[176.445] SETTLEMENT JUDGES.**

Notwithstanding section 176.011, subdivision 27, any provision in chapter 175 setting out general power of the commissioner, or any other law to the contrary:

(1) The chief settlement judge at the department is the administrator and supervisor of all dispute resolute functions and personnel, and reports directly to the commissioner.

(2) The commissioner may delegate authority only to settlement judges to make determinations under the procedure in sections 176.106, 176.238, and 176.239 and to approve settlements of claims under section 176.521. A settlement judge must preside at all workers' compensation settlement conferences conducted at the department.

Sec. 72. **[178.11] LABOR EDUCATION ADVANCEMENT GRANT PROGRAM.**

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The commissioner shall establish the labor education advancement grant program for the purpose of facilitating the participation of minorities and women in apprenticeable trades and occupations. The commissioner shall award grants to community-based organizations serving the targeted populations on a competitive request-for-proposal basis. Interested organizations shall apply for the grants in a form prescribed by the commissioner. As part of the application process, applicants must provide a statement of need for the grant, a description of the targeted population and apprenticeship opportunities, a description of activities to be funded by the grant, evidence supporting the ability to deliver services, information related to coordinating grant activities with other employment and training programs, identification of matching funds, a budget, and performance objectives. Each submitted application shall be evaluated for completeness and effectiveness of the proposed grant activity.

Sec. 73. Minnesota Statutes 1994, section 207A.01, is amended to read:

207A.01 PRESIDENTIAL PRIMARY.

A presidential primary must be held on the first Tuesday in April of each year after 1999 in which a president and vice president of the United States are to be nominated and elected, at which the voters of this state may express their preference among the candidates of the major political party of their choice, for that party's nomination to be president of the United States or may vote for uncommitted delegates to the national party convention. For the purposes of sections 207A.01 to 207A.07, "political party" or "party" means a political party as defined in section 200.02, subdivision 7.

Sec. 74. Minnesota Statutes 1994, section 216B.16, subdivision 2, is amended to read:

Subd. 2. SUSPENSION OF PROPOSED RATES; HEARING; FINAL DETERMINATION DEFINED. (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in this subdivision or subdivision 1a. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into

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two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make ~~a final determination~~ determination of ~~either another~~ another previously filed ~~cases case~~ case involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made ~~a final determination~~ determination in the previously filed ~~cases case~~ case. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 75. Minnesota Statutes 1994, section 216B.16, is amended by adding a subdivision to read:

Subd. 12a. EXEMPTION FOR SMALL ELECTRIC UTILITY FRANCHISE. (a) An electric utility, operating as such in a bordering state and having fewer than 200 customers in Minnesota, is exempt from this section if the utility:

(1) charges Minnesota customers the same rates as those charged to customers in the bordering state;

(2) provides 60-day notice to the commission of rate increases for its Minnesota customers;

(3) provides individual, written notice of rate increases to its Minnesota customers;

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(4) provides the commission with schedules of rates and tariffs charged in the bordering state and revenues by class under the former and proposed rates; and

(5) maintains an up-to-date tariff book with the department.

(b) The commission may initiate an investigation under section 216B.17, on its own motion or upon customer complaint with respect to the utility's rates and practices in Minnesota.

Sec. 76. Minnesota Statutes 1994, section 216B.2424, is amended to read:

216B.2424 BIOMASS POWER MANDATE.

A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must, ~~by December 31, 1998,~~ construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity generated by farm grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity so generated scheduled to be operational by December 31, 2002. Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project. Of the 75 megawatts of biomass electric energy installed capacity required under clause (2), no more than 25 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary fuel source. The public utility must accept and consider on an equal basis with other proposals a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either clause (1) or (2) and that proposes to sell the excess capacity to the public utility or to other purchasers.

Sec. 77. Minnesota Statutes 1994, section 216B.27, subdivision 4, is amended to read:

Subd. 4. **DEADLINE TO GRANT APPLICATION.** Any application for a rehearing not granted within ~~20~~ 60 days from the date of filing thereof, shall be deemed denied.

Sec. 78. Minnesota Statutes 1994, 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 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);

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(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; ~~and~~

(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. 79. Minnesota Statutes 1994, section 245A.11, subdivision 2, is amended to read:

Subd. 2. **PERMITTED SINGLE-FAMILY RESIDENTIAL USE.** Residential programs with a licensed capacity of six or fewer persons shall be considered a permitted single-family residential use of property for the purposes of zoning and other land use regulations, except that a residential program whose primary purpose is to treat juveniles who have violated criminal statutes relating to sex offenses or have been adjudicated delinquent on the basis of conduct in violation of criminal statutes relating to sex offenses shall not be considered a permitted use. Programs otherwise allowed under this subdivision shall not be prohibited by operation of restrictive covenants or similar restrictions, regardless of when entered into, which cannot be met because of the nature of the licensed program, including provisions which require the home's occupants be related, and that the home must be occupied by the owner, or similar provisions.

Sec. 80. Minnesota Statutes 1994, section 268A.01, subdivision 4, is amended to read:

Subd. 4. **VOCATIONAL REHABILITATION SERVICES.** "Vocational rehabilitation services" means those services and goods so defined in the federal Rehabilitation Act of 1973, as amended, and section 268A.03, clause (b).

Sec. 81. Minnesota Statutes 1994, section 268A.01, subdivision 5, is amended to read:

Subd. 5. **PERSON WITH A DISABILITY.** "Person with a disability" means a person who because of a substantial physical, mental, or emotional disability ~~or dysfunction~~ requires special services in order to enjoy the benefits of society.

Sec. 82. Minnesota Statutes 1994, section 268A.01, subdivision 6, is amended to read:

Subd. 6. **REHABILITATION FACILITY.** "Rehabilitation facility" means an entity which meets the definition of community rehabilitation facility program in the federal Rehabilitation Act of 1973, as amended; However, for the purposes of sections 268A.03, paragraph (a), 268A.06, 268A.08, and ~~268A.09~~ 268A.15, rehabilitation facility means an entity which is operated for the primary purpose of providing remunerative or facilitating employment ~~to those for~~ persons with a severe disability ~~who, as a result of physical or mental disability, are unable to participate in competitive employment. A rehabilitation facility~~

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shall supply such employment (1) as a step in the rehabilitation process for those who cannot be readily absorbed in the competitive labor market, or (2) during such time as employment opportunities for them in the competitive labor market do not exist.

Sec. 83. Minnesota Statutes 1994, section 268A.01, subdivision 9, is amended to read:

Subd. 9. ~~LONG-TERM CENTER-BASED EMPLOYMENT PROGRAM~~ SUBPROGRAM. "Long-term Center-based employment ~~program~~ subprogram" means a ~~program~~ employment which provides paid work on the premises of a rehabilitation facility and training services or other services necessary for employment on or off the premises ~~and which does not include work activity of the rehabilitation facility.~~

Sec. 84. Minnesota Statutes 1994, section 268A.01, subdivision 10, is amended to read:

Subd. 10. ~~EXTENDED EMPLOYMENT PROGRAMS PROGRAM.~~ "Extended employment programs program" means the following ~~programs which may be offered by a rehabilitation facility:~~ center-based employment and supported employment subprograms.

- (1) long-term employment program;
- (2) work activity program;
- (3) work component program; and
- (4) supported employment program.

Sec. 85. Minnesota Statutes 1994, section 268A.03, is amended to read:

268A.03 POWERS AND DUTIES.

The commissioner shall:

(a) certify the rehabilitation facilities to offer extended employment programs, grant funds to the extended employment programs, and perform the duties as specified in section ~~268A.09~~ 268A.15;

(b) provide vocational rehabilitation services to persons with disabilities in accordance with the state plan for vocational rehabilitation. These services include but are not limited to: diagnostic and related services incidental to determination of eligibility for services to be provided, including medical diagnosis and vocational diagnosis; vocational counseling, training and instruction, including personal adjustment training; physical restoration, including corrective surgery, therapeutic treatment, hospitalization and prosthetic and orthotic devices, all of which shall be obtained from appropriate established agencies; transportation; occupational and business licenses or permits, customary tools

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and equipment; maintenance; books, supplies, and training materials; initial stocks and supplies; placement; on-the-job skill training and time-limited postemployment services leading to supported employment; acquisition of vending stands or other equipment, initial stocks and supplies for small business enterprises; supervision and management of small business enterprises, merchandising programs, or services rendered by severely disabled persons. Persons with a disability are entitled to free choice of vendor for any medical, dental, prosthetic, or orthotic services provided under this paragraph;

(c) expend funds and provide technical assistance for the establishment, improvement, maintenance, or extension of public and other nonprofit rehabilitation facilities or centers;

(d) maintain a contractual or regulatory relationship with the United States as authorized by the Social Security Act, as amended. Under this relationship, the state will undertake to make determinations referred to in those public laws with respect to all individuals in Minnesota, or with respect to a class or classes of individuals in this state that is designated in the agreement at the state's request. It is the purpose of this relationship to permit the citizens of this state to obtain all benefits available under federal law;

(e) provide an in-service training program for division of rehabilitation services employees by paying for its direct costs with state and federal funds;

(f) conduct research and demonstration projects; provide training and instruction, including establishment and maintenance of research fellowships and traineeships, along with all necessary stipends and allowances; disseminate information to persons with a disability and the general public; and provide technical assistance relating to vocational rehabilitation and independent living;

(g) receive and disburse pursuant to law money and gifts available from governmental and private sources including, but not limited to, the federal Department of Education and the Social Security Administration, for the purpose of vocational rehabilitation or independent living;

(h) design all state plans for vocational rehabilitation or independent living services required as a condition to the receipt and disbursement of any money available from the federal government;

(i) cooperate with other public or private agencies or organizations for the purpose of vocational rehabilitation or independent living. Money received from school districts, governmental subdivisions, mental health centers or boards, and private nonprofit organizations is appropriated to the commissioner for conducting joint or cooperative vocational rehabilitation or independent living programs;

(j) enter into contractual arrangements with instrumentalities of federal, state, or local government and with private individuals, organizations, agencies, or facilities with respect to providing vocational rehabilitation or independent living services;

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(k) take other actions required by state and federal legislation relating to vocational rehabilitation, independent living, and disability determination programs;

(l) hire staff and arrange services and facilities necessary to perform the duties and powers specified in this section;

(m) adopt, amend, suspend, or repeal rules necessary to implement or make specific programs that the commissioner by sections 268A.01 to ~~268A.10~~ 268A.15 is empowered to administer; and

(n) contact any person with traumatic brain injury or spinal cord injury reported by the commissioner of health under section 144.664, subdivision 3, and notify the person, or the person's parent or guardian if the person is a minor or is mentally incompetent, of services available to the person, eligibility requirements and application procedures for public programs, and other information the commissioner believes may be helpful to the person to make appropriate use of available rehabilitation services.

Sec. 86. Minnesota Statutes 1994, section 268A.06, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** Any city, town, county, nonprofit corporation, state regional center, or any combination thereof, may apply to the commissioner for assistance in establishing or operating a community rehabilitation facility. Application for assistance shall be on forms ~~supplied~~ prescribed by the commissioner. Each applicant shall annually submit to the commissioner its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the commissioner.

Sec. 87. Minnesota Statutes 1994, section 268A.07, is amended to read:

268A.07 REQUIREMENTS FOR CERTIFICATION.

Subdivision 1. **BENEFITS.** A rehabilitation facility must, as a condition for receiving program certification, provide employees in a ~~long-term~~ center-based employment ~~program~~ with personnel benefits prescribed in rules adopted by the commissioner of the department of economic security.

Subd. 2. **GRIEVANCE PROCEDURE.** A rehabilitation facility must, as a condition for receiving program certification, provide to employees in a ~~long-term~~ center-based employment ~~program~~ subprograms, a grievance procedure which has as its final step provisions for final and binding arbitration.

Sec. 88. Minnesota Statutes 1994, section 268A.08, subdivision 1, is amended to read:

Subdivision 1. **APPOINTMENT; MEMBERSHIP.** Every city, town, county, nonprofit corporation, or combination thereof establishing a rehabilitation facility shall appoint a rehabilitation facility board of no fewer than nine

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members before becoming eligible for the assistance provided by sections 268A.06 to ~~268A.09~~ 268A.15. When any city, town, or county singly establishes such a rehabilitation facility, the board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties, or nonprofit corporations establishes a rehabilitation facility, the chief executive officers of the cities, nonprofit corporations and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes a rehabilitation facility, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a person with a disability. One-third to one-half of the board shall be representative of industry or business. The remaining members should be representative of lay associations for persons with a disability, labor, the general public, and education, welfare, medical, and health professions. Nothing in sections 268A.06 to ~~268A.09~~ 268A.15 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to the board, so long as representation described above is preserved. If a state regional center establishes an extended employment program, the chief executive officer of the state regional center shall perform the functions of the rehabilitation facility board as prescribed in subdivision 2. The regional center is not required to establish a separate governing body as a board. The state regional center shall establish an advisory committee following the membership representation requirements of this subdivision. If a county establishes an extended employment program and manages the program with county employees, the governing board shall be the county board of commissioners and other provisions of this chapter pertaining to membership on the governing board do not apply.

Sec. 89. Minnesota Statutes 1994, section 268A.08, subdivision 2, is amended to read:

Subd. 2. **DUTIES.** Subject to the provisions of sections 268A.06 to ~~268A.09~~ 268A.15 and the rules of the department, each rehabilitation facility board shall:

(a) review and evaluate the need for extended employment programs offered by the rehabilitation facility provided pursuant to sections 268A.06 to ~~268A.09~~ 268A.15 and report thereon to the commissioner and, when indicated, the public, together with recommendations for additional extended employment programs;

(b) recruit and promote local financial support for the extended employment programs from private sources such as community chests, business, industrial and private foundations, voluntary agencies and other lawful sources and promote public support for municipal and county appropriations;

(c) promote, arrange, and implement working agreements with other educational and social service agencies both public and private and any other allied agencies;

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(d) advise the commissioner on the adoption and implementation of policies to stimulate effective community relations;

(e) review the annual plan and budget and make recommendations thereon;

(f) when the an extended employment program offered by the rehabilitation facility is certified, act as the administrator of the rehabilitation facility and its ~~programs~~ subprograms for purposes of this chapter.

Sec. 90. Minnesota Statutes 1994, section 268A.13, is amended to read:

268A.13 EMPLOYMENT SUPPORT SERVICES FOR PERSONS WITH MENTAL ILLNESS.

The commissioner of economic security, in cooperation with the commissioner of human services, shall develop a statewide program of grants to provide services for persons with mental illness in supported employment. Projects funded under this section must: (1) assist persons with mental illness in obtaining and retaining employment; (2) emphasize individual community placements for clients; (3) ensure interagency collaboration at the local level between vocational rehabilitation field offices, county service agencies, community support programs operating under the authority of section 245.4712, and community rehabilitation providers, in assisting clients; and (4) involve clients in the planning, development, oversight, and delivery of support services. Project funds may not be used to provide services in segregated settings such as ~~long-term~~ center-based employment or work activity programs ~~subprograms~~ as defined in section 268A.01.

The commissioner of economic security, in consultation with the commissioner of human services, shall develop a request for proposals which is consistent with the requirements of this section and which specifies the types of services that must be provided by grantees. Projects shall be funded for state fiscal year 1995 and priority for funding shall be given to organizations with experience in developing innovative employment support services for persons with mental illness. Each applicant for funds under this section shall submit an evaluation protocol as part of the grant application.

Sec. 91. [268A.15] EXTENDED EMPLOYMENT PROGRAM.

Subdivision 1. ADMINISTRATION. The department of economic security shall administer this section through the division of rehabilitation services. The department may employ staff as required to administer this section and may accept and receive funds from nonstate sources for the purpose of implementing this section.

Subd. 2. PURPOSE. The purpose of the extended employment program is to provide the ongoing services necessary to maintain and advance the employment of persons with severe disabilities. Employment under this section must encompass the broad range of employment choices available to all persons and promote an individual's self-sufficiency and financial independence.

Subd. 3. RULE AUTHORITY. The commissioner shall adopt rules on an individual's eligibility for the extended employment program, the certification of rehabilitation facilities, and the methods, criteria, and units of distribution for the allocation of state grant funds to certified rehabilitation facilities. In determining the allocation, the commissioner must consider the economic conditions of the community and the performance of rehabilitation facilities relative to their impact on the economic status of workers in the extended employment program.

Subd. 4. EVALUATION. The commissioner of economic security shall evaluate the extended employment program to determine whether the purpose of extended employment as defined in subdivision 2 is being achieved. The evaluation must include an assessment of whether workers in the extended employment program are satisfied with their employment. A written report of this evaluation must be prepared at least every two years and made available to the public.

Subd. 5. TECHNICAL ASSISTANCE. The commissioner of economic security shall provide technical assistance within available resources to rehabilitation facilities.

Subd. 6. GRANTS. The commissioner may provide innovation and expansion grants to rehabilitation facilities to encourage the development, demonstration, or dissemination of innovative business practices, training programs, and service delivery methods that:

(1) expand and improve employment opportunities for persons with severe disabilities who are unserved or underserved by the extended employment program; and

(2) increase the ability of persons with severe disabilities to use new and emerging technologies in employment settings, and foster the capacity of rehabilitation facilities and employers to promote the integration of individuals with severe disabilities into the workplace and the mainstream of community life.

The grants must require collaboration at the local level among vocational rehabilitation field offices, county social service and planning agencies, rehabilitation facilities, and employers.

Subd. 7. WITHDRAWAL OF FUNDS. The commissioner may withdraw funds from a rehabilitation facility that is not being administered in accordance with its approved plan and budget unless a modified plan and budget is submitted to and approved by the commissioner, and implemented within a reasonable time. The commissioner may withdraw funds from a rehabilitation facility not being administered according to department rules, or not meeting mandatory standards for certification, unless a plan bringing the rehabilitation facility into compliance with the rules and standards is submitted to and approved by the commissioner, and implemented within a reasonable time. Funds withdrawn shall, after reasonable notice and opportunity for hearing, be reallocated by the commissioner to other rehabilitation facilities.

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Sec. 92. Minnesota Statutes 1994, section 298.22, subdivision 2, is amended to read:

Subd. 2. There is hereby created the iron range resources and rehabilitation board, consisting of 11 members, five of whom shall be state senators appointed by the subcommittee on committees of the rules committee of the senate, and five of whom shall be representatives, appointed by the speaker of the house of representatives, their terms of office to commence on May 1, 1943, and continue until January 3rd, 1945, or until their successors are appointed and qualified. Their successors shall be appointed each two years in the same manner as the original members were appointed, in January of every second year, commencing in January, 1945. The 11th member of said board shall be the commissioner of natural resources of the state of Minnesota. Vacancies on the board shall be filled in the same manner as the original members were chosen. At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a tax relief area as defined in section 273.134. All expenditures and projects made by the commissioner of iron range resources and rehabilitation shall first be submitted to said iron range resources and rehabilitation board ~~which shall recommend for approval by at least eight board members or disapproval or modification~~ of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all said funds proposed to be disbursed shall be first approved or disapproved by said board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even numbered year. The expenses of said board shall be paid by the state of Minnesota from the funds raised pursuant to this section.

Sec. 93. Minnesota Statutes 1994, section 298.223, subdivision 2, is amended to read:

Subd. 2. **ADMINISTRATION.** The taconite environmental protection fund shall be administered by the commissioner of the iron range resources and rehabilitation board. The commissioner shall by September 1 of each year ~~prepare submit to the board~~ a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon ~~recommendation~~ approval by at least eight members of the iron range resources and rehabilitation board, this list shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

Sec. 94. [383B.79] **MULTIJURISDICTIONAL PROGRAM.**

Subdivision 1. PROGRAM CREATED. A multijurisdictional reinvestment

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program involving Hennepin county, the cities of Minneapolis, Brooklyn Center, and other interested statutory or home rule charter cities in Hennepin county, the Minneapolis park board, and the suburban Hennepin county park district is created. The multijurisdictional program must include plans for housing rehabilitation and removals, industrial polluted land cleanup, water ponding, environmental cleanup, community corridor connections, corridor planning, creation of green space, and job creation.

Subd. 2. USE OF APPROPRIATIONS. Up to one-half of any state appropriation for the program created in subdivision 1 may be used by the county as a grant to the cities of Minneapolis and Brooklyn Center to provide assistance in a capital nature for constructing public infrastructure improvements in order to further economic development.

Subd. 3. MATCHING. Government jurisdictions participating in the reinvestment program planning and projects must match any state contribution on at least a dollar-for-dollar basis in the aggregate. Government jurisdictions, however constituted, may use any funds under their control for the match requirement.

Sec. 95. Minnesota Statutes 1994, section 462.357, subdivision 7, is amended to read:

Subd. 7. **PERMITTED SINGLE FAMILY USE.** A state licensed residential facility serving six or fewer persons, a licensed day care facility serving 12 or fewer persons, and a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445 to serve 14 or fewer children shall be considered a permitted single family residential use of property for the purposes of zoning, except that a residential facility whose primary purpose is to treat juveniles who have violated criminal statutes relating to sex offenses or have been adjudicated delinquent on the basis of conduct in violation of criminal statutes relating to sex offenses shall not be considered a permitted use.

Sec. 96. Minnesota Statutes 1994, section 462A.05, subdivision 14, is amended to read:

Subd. 14. **REHABILITATION LOANS.** It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the

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agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. Except for accessibility improvements under this subdivision ~~44~~ and subdivisions 14a and 24, clause (1), no secured loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed its market value, as determined by the agency. No loan under this subdivision shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or intermediate care facility for persons with mental retardation or related conditions;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

Sec. 97. Minnesota Statutes 1994, section 462A.05, subdivision 15c, is amended to read:

Subd. 15c. **RESIDENTIAL LEAD ABATEMENT.** (a) It may make or purchase loans or grants for the abatement of hazardous levels of lead paint in residential buildings and lead contaminated soil on the property of residential buildings occupied by low- and moderate-income persons. Hazardous levels are as determined by the department of health or the pollution control agency. The agency must establish ~~grant~~ criteria for a residential lead paint and lead contaminated soil abatement program, including the terms of loans and grants under this section, a maximum amount for loans or grants, eligible owners borrowers or grantees, eligible contractors, and eligible buildings. The agency may make grants to cities, local units of government, registered lead abatement contractors, and nonprofit organizations for the purpose of administering a residential lead paint and contaminated lead soil abatement program. ~~No loan or grant may be made for lead paint abatement for a multifamily building which contains substantial housing maintenance code violations unless the violations are being corrected in conjunction with receipt of the loan or grant under this section. The~~

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agency must establish standards for the relocation of families where necessary and the payment of relocation expenses. To the extent possible, the agency must coordinate loans and grants under this section with existing housing programs.

The agency, in consultation with the department of health, shall report to the legislature by January ~~1993~~ 1996 on the costs and benefits of subsidized lead abatement and the extent of the childhood lead exposure problem. The agency shall review the effectiveness of its existing loan and grant programs in providing funds for residential lead abatement and report to the legislature with examples, case studies and recommendations.

(b) The agency may also make grants to eligible organizations, as defined in section 268.92, subdivision 1, for the purposes of section 268.92.

Sec. 98. Minnesota Statutes 1994, section 462A.05, subdivision 30, is amended to read:

Subd. 30. **AGENCY INVESTMENT IN CERTAIN NOTES AND MORTGAGES.** It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the purpose of sale to the agency, from lenders that are nonprofit or nonprofit entities, as defined in the agency's rules, provided that: (1) the notes and mortgages evidence loans for the construction, rehabilitation, purchase, improvement, or refinancing of residential housing intended for occupancy and occupied by low- and moderate-income persons and families; and (2) the loan sellers utilize the funds derived from the purchases in accordance with the authority contained in section 462A.07, subdivision 12, for the purposes and objectives of sections 462A.02, 462A.03, 462A.05, 462A.07, and 462A.21; and (3) the purchases are subject to security and limitations on the costs and expenses of the loan sellers incidental to the utilization of the purchase proceeds as the agency may determine. The proceeds of the purchases authorized by this subdivision shall not be subject to the limitations of section 462A.21, subdivisions 4k, 6, 9, and 12. In addition, it may invest in, purchase, acquire, and take assignments of existing federally insured mortgages for multifamily housing, not closed for the purpose of sale to the agency, from any banking institution, savings and loan association, or other lender or financial intermediary approved by the members; provided that the multifamily housing is benefited by contracts for federal housing assistance payments.

Sec. 99. Minnesota Statutes 1994, section 462A.201, subdivision 2, is amended to read:

Subd. 2. **LOW-INCOME HOUSING.** (a) The agency may, in consultation with the advisory committee, use money from the housing trust fund account to provide loans or grants for projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units and homes for ownership. No more than 20 percent of available funds may be used for home ownership projects.

(b) ~~The~~ A rental or limited equity cooperative housing project must meet one of the following income tests:

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(1) at least 75 percent of the rental and cooperative units; ~~and 100 percent of the homes for ownership~~; must be rented to or cooperatively owned; ~~or owned~~ by persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2; or

(2) all of the units funded by the housing trust fund account must be used for the benefit of persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2.

The median family income may be adjusted for families of five or more.

(c) Homes for ownership must be owned or purchased by persons and families whose income does not exceed 50 percent of the metropolitan area median income, adjusted for family size.

(d) In making the grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt emergency and permanent rules for awarding grants and loans under this subdivision. The emergency rules are effective for 180 days or until the permanent rules are adopted, whichever occurs first.

Sec. 100. Minnesota Statutes 1994, section 462A.202, subdivision 2, is amended to read:

Subd. 2. **TRANSITIONAL HOUSING.** The agency may make loans with or without interest to cities and counties to finance the acquisition, improvement, and rehabilitation of existing housing properties or the acquisition, site improvement, and development of new properties for the purposes of providing transitional housing, upon terms and conditions the agency determines. Preference must be given to cities that propose to acquire properties being sold by the resolution trust corporation or the department of housing and urban development. Loans under this subdivision are subject to the restrictions in subdivision 7.

Sec. 101. Minnesota Statutes 1994, section 462A.202, subdivision 6, is amended to read:

Subd. 6. **NEIGHBORHOOD LAND TRUSTS.** The agency may make loans with or without interest to cities and counties to finance the capital costs of a land trust project undertaken pursuant to sections 462A.30 and 462A.31. Loans under this subdivision are subject to the restrictions in subdivision 7.

Sec. 102. Minnesota Statutes 1994, section 462A.204, subdivision 1, is amended to read:

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Subdivision 1. **ESTABLISHMENT.** The agency may establish a family homeless prevention and assistance program to assist families who are homeless or are at imminent risk of homelessness. The term "family" may include single individuals. The agency may make grants to develop and implement family homeless prevention and assistance projects under the program. For purposes of this section, "families" means families and persons under the age of ~~18~~ 22.

Sec. 103. Minnesota Statutes 1994, section 462A.205, subdivision 4, is amended to read:

Subd. 4. **AMOUNT AND PAYMENT OF RENT ASSISTANCE.** (a) This subdivision applies to both the voucher option and the project-based voucher option.

(b) Within the limits of available appropriations, eligible families may receive monthly rent assistance for a 36-month period starting with the month the family first receives rent assistance under this section. The amount of the family's portion of the rental payment is equal to at least 30 percent of gross income.

(c) The rent assistance must be paid by the local housing organization to the property owner.

(d) Subject to the limitations in paragraph (e), the amount of rent assistance is the difference between the rent and the family's portion of the rental payment.

(e) In no case:

(1) may the amount of monthly rent assistance be more than \$250 for housing located within the metropolitan area, as defined in section 473.121, subdivision 2, or more than \$200 for housing located outside of the metropolitan area;

(2) may the owner receive more rent for assisted units than for comparable unassisted units; nor

(3) may the amount of monthly rent assistance be more than the difference between the family's portion of the rental payment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Sec. 104. Minnesota Statutes 1994, section 462A.206, subdivision 2, is amended to read:

Subd. 2. **AUTHORIZATION.** The agency may make grants or loans to cities for the purposes of construction, acquisition, rehabilitation, demolition, permanent financing, refinancing, ~~or~~ gap financing of single or multifamily housing, or full cycle home ownership services, as defined in section 462A.209, subdivision 2. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. The agency shall take into account the amount of money that the city leverages from

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other sources in awarding grants and loans. Cities may use the grants and loans to establish revolving loan funds and to provide grants and loans to eligible mortgagors. The city may determine the terms and conditions of the grants and loans. An agency loan may only be used by a city to make loans.

Sec. 105. Minnesota Statutes 1994, section 462A.206, subdivision 5, is amended to read:

Subd. 5. **OTHER ELIGIBLE ORGANIZATIONS.** A nonprofit organization is eligible to apply directly for grants or loans from the community rehabilitation fund account if the city within which it is located enacts a resolution authorizing the organization to apply on the city's behalf, except that a nonprofit organization providing full cycle home ownership services may apply directly to the agency.

Sec. 106. [462A.209] HOME OWNERSHIP ASSISTANCE.

Subdivision 1. FULL CYCLE HOME OWNERSHIP SERVICES. The full cycle home ownership services program shall be used to fund nonprofit organizations and political subdivisions providing, building capacity to provide, or supporting full cycle lending for home ownership to low and moderate income home buyers. The purpose of the program is to encourage private investment in affordable housing and collaboration of nonprofit organizations and political subdivisions with each other and private lenders in providing full cycle lending services.

Subd. 2. DEFINITION. "Full cycle home ownership services" means supporting eligible home buyers and owners through all phases of purchasing and keeping a home, by providing prepurchase home buyer education, prepurchase counseling and credit repair, prepurchase property inspection and technical and financial assistance to buyers in rehabilitating the home, postpurchase and mortgage default counseling, postpurchase assistance with home maintenance, entry cost assistance, and access to flexible loan products.

Subd. 3. ELIGIBILITY. The agency shall establish eligibility criteria for nonprofit organizations and political subdivisions to receive funding under this section. The eligibility criteria must require the nonprofit organization or political subdivision to provide, to build capacity to provide, or support full cycle home ownership services for eligible home buyers. The agency may fund a nonprofit organization or political subdivision that will provide full cycle home ownership services by coordinating with one or more other organizations that will provide specific components of full cycle home ownership services. The agency may make exceptions to providing all components of full cycle lending if justified by the application. If there are more applicants requesting funding than there are funds available, the agency shall award the funds on a competitive basis and also assure an equitable geographic distribution of the available funds. The eligibility criteria must require the nonprofit organization or political subdivision to have a demonstrated involvement in the local community and to target the housing affordability needs of the local community. Partnerships and collaboration with innovative, grass roots, or community-based initiatives shall be

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encouraged. The agency shall give priority to nonprofit organizations and political subdivisions that provide matching funds. Applicants for funds under section 462A.057 may also apply funds under this program.

Subd. 4. ENTRY COST HOME OWNERSHIP OPPORTUNITY PROGRAM. The agency may establish an entry cost home ownership opportunity program, on terms and conditions it deems advisable, to assist individuals with downpayment and closing costs to finance the purchase of a home.

Sec. 107. [462A.2091] CONTRACT FOR DEED GUARANTEE ACCOUNT.

Subdivision 1. CREATION. The contract for deed guarantee account is created as a separate account in the housing development fund. Money in the account is appropriated to the agency for the purposes of this section. The account consists of money appropriated to the account and transferred from other sources and all earnings from money in the account.

Subd. 2. ACCOUNT USES. Money in the account may be used to create a guarantee fund for the refinancing of contracts for deed.

Subd. 3. ELIGIBLE PROPERTY. Contracts for deed eligible for refinancing with guarantee fund assistance must be for the purchase of an owner-occupied single-family or duplex structure. In a city of the first class in the metropolitan area, as defined in section 473.121, subdivision 2, eligible properties must be located in an area in which at least one census tract meets at least three of the following four criteria:

(1) at least 70 percent of the housing structures were built before 1960;

(2) at least 60 percent of the single-family housing is owner-occupied;

(3) the median market value of the area's owner-occupied housing, as recorded in the most recent federal decennial census, is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) between 1980 and 1990, the rate of owner occupancy of residential properties in the area declined by at least five percent, or at least 80 percent of the residential properties in the area are rental properties.

The area must include eight blocks in any direction from the census tract. Priority must be given for property located in an area that meets all four criteria.

Sec. 108. [462A.2097] RENTAL HOUSING.

The agency may establish a rental housing assistance program for persons of low income or for persons with a mental illness or families that include an adult family member with a mental illness. Rental assistance may be in the form of

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direct rental subsidies for housing for persons or families with incomes of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for families of five or more. Housing for the mentally ill must be operated in coordination with social service providers who provide services requested by tenants. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this section must be in the form of vendor payments whenever possible.

Sec. 109. Minnesota Statutes 1994, section 462A.21, subdivision 3b, is amended to read:

Subd. 3b. **CAPACITY BUILDING GRANTS.** It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing, prepurchase and postpurchase counseling and associated administrative costs, and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions. Grants under this subdivision may be made only with specific appropriations by the legislature.

Sec. 110. Minnesota Statutes 1994, section 462A.21, subdivision 8, is amended to read:

Subd. 8. **HOME OWNERSHIP ASSISTANCE FUND.** It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in the purchase of affordable residential housing and may use the funds to provide loans, additional security for eligible loans or to pay costs associated with or provide additional security for bonds issued by the agency.

Sec. 111. Minnesota Statutes 1994, section 462A.21, subdivision 8b, is amended to read:

Subd. 8b. **FAMILY RENTAL HOUSING.** It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to ~~60~~ 80 percent of ~~area~~ state median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropri-

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ations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Sec. 112. Minnesota Statutes 1994, section 462A.21, subdivision 13, is amended to read:

Subd. 13. **ACCESSIBILITY PROGRAMS.** It may spend money for the ~~purpose~~ purposes of section 462A.05, ~~subdivision~~ subdivisions 14, 14a, and 24, and may pay the costs and expenses necessary and incidental to the development and operation of the programs authorized in ~~that subdivision~~ those subdivisions.

Sec. 113. Minnesota Statutes 1994, section 462A.21, subdivision 21, is amended to read:

Subd. 21. **COMMUNITY REHABILITATION PROGRAM.** The agency or its grantees may spend money for the purposes of the community rehabilitation program authorized under section 462A.206 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Sec. 114. Minnesota Statutes 1994, section 462A.21, is amended by adding a subdivision to read:

Subd. 22. CONTRACT FOR DEED GUARANTEE PROGRAM. It may expend money for the purposes of section 462A.2091 and may pay the costs and expenses necessary and incidental to the development and operation of the program authorized by section 462A.2091.

Sec. 115. Minnesota Statutes 1994, section 462A.21, is amended by adding a subdivision to read:

Subd. 23. RENTAL HOUSING. The agency may spend money for the purposes of the rental housing program authorized under section 462A.2097, and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Sec. 116. Minnesota Statutes 1994, section 469.0171, is amended to read:

469.0171 **HOUSING PLAN, PROGRAM, AND REVIEW.**

Prior to the issuance of bonds or obligations for a housing development project proposed by an authority under section 469.017, the authority shall:

(1) prepare a plan meeting the requirements of section 462C.03, subdivision 1, paragraphs (a) to (d);

(2) obtain review of the plan in the manner provided in section 462C.04, subdivision 1; and

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(3) prepare and submit for review a program as defined in section 462C.02, subdivision 3, in the manner provided in section 462C.04, subdivision 2, and section 462C.05, subdivision 5, for the making or purchasing of loans by cities.

The authority shall prepare and submit the report required under section 462C.04, subdivision 3.

Sec. 117. Minnesota Statutes 1994, section 504.33, subdivision 2, is amended to read:

Subd. 2. **CITY.** "City" means ~~a~~ any statutory or home rule charter city located within the metropolitan area as defined in section 473.121, subdivision 2, and any city of the first class as defined in section 410.01. The term "city" also includes, where applicable, a port authority, economic development authority, a housing and redevelopment authority, or any development agency established under chapter 469 which share common boundaries with the city.

Sec. 118. Minnesota Statutes 1994, section 504.33, subdivision 3, is amended to read:

Subd. 3. **DISPLACE.** "Displace" means to demolish, acquire for or convert to a use other than low-income housing, or to provide or spend money that directly results in the demolition, acquisition, or conversion of housing to a use other than low-income housing.

"Displace" does not include providing or spending money that directly results in: (i) housing improvements made to comply with health, housing, building, fire prevention, housing maintenance, or energy codes or standards of the applicable government unit; (ii) housing improvements to make housing more accessible to a handicapped person; or (iii) the demolition, acquisition, or conversion of housing for the purpose of creating owner-occupied housing that consists of no more than four units per structure.

"Displace" does not include downsizing large apartment complexes by demolishing less than 25 percent of the units in the complex or by eliminating units through reconfiguration and expansion of individual units for the purpose of expanding the size of the remaining low-income units. For the purpose of this section, "large apartment complex" means two or more adjacent buildings containing a total of 100 or more units per complex.

In any city in the metropolitan area, as defined in section 473.121, subdivision 2, which has met its housing affordability goals under the metropolitan council's metropolitan development guide, adopted under section 473.145, "displace" means the demolition, acquisition, or conversion of housing only for purposes other than the construction or rehabilitation of housing.

Sec. 119. Minnesota Statutes 1994, section 504.34, subdivision 1, is amended to read:

Subdivision 1. **ANNUAL REPORT REQUIRED.** A government unit, or in

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the case of a government unit located in the metropolitan area as defined in section 473.121, ~~the government unit and~~ the metropolitan council, shall prepare a housing impact report either:

(1) for each year in which the government unit displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01; or

(2) when a specific project undertaken by a government unit for longer than one year displaces a total of ten or more units of low-income housing in a city of the first class as defined in section 410.01.

Sec. 120. Minnesota Statutes 1994, section 504.34, subdivision 2, is amended to read:

Subd. 2. **DRAFT ANNUAL HOUSING IMPACT REPORT.** As provided in subdivision 1, a government unit or in the case of a government unit participating with ~~located in the metropolitan area, as defined in section 473.121, subdivision 2,~~ the metropolitan council subject to this section must prepare a draft annual housing impact report for review and comment by interested persons. The draft report must be completed by January 31 of the year immediately following a year in which the government unit has displaced ten or more units of low-income housing in a city. For a housing impact report required under subdivision 1, clause (2), the draft report must be completed by January 31 of the year immediately following the year in which the government unit has displaced a cumulative total of ten units of low-income housing in a city.

Sec. 121. Minnesota Statutes 1994, section 504.35, is amended to read:

504.35 REPLACEMENT HOUSING REQUIRED.

A government unit which displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01 ~~and is subject to section 504.34 or in any city located within the metropolitan area as defined in section 473.121, subdivision 2,~~ must provide the replacement housing within 36 months following the date of the final annual housing impact report, unless there is an adequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city where housing has been displaced by the government unit.

Sec. 122. **AFFORDABLE NEIGHBORHOOD DESIGN AND DEVELOPMENT INITIATIVE.**

In order to develop and implement methods of reducing the total costs of housing units through the innovative use of technology and planning, the housing finance agency may conduct a competition or secure proposals for innovative plans for the development of housing units affordable to low-income persons. The agency shall seek models for use by local units of government and nonprofit organizations to develop neighborhoods with small, owner-occupied affordable housing. The agency may seek plans that reduce construction costs through technological advancements, uniform housing designs suitable for use throughout the state, central purchasing of material or housing components, or streamlining of regulatory processes for site planning and land development.

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Designs selected become the property of the state of Minnesota. The agency may award one or more premiums in each competition and may share the costs and fees that may be required for the conduct of competitions.

Sec. 123. **REPLACEMENT HOUSING; METROPOLITAN COUNCIL STUDY.**

The metropolitan council shall study the issue of replacement housing and the need for a metropolitan area replacement housing law. The council shall report the results of the study and its recommendations to the legislature by December 1, 1996.

Sec. 124. Laws 1994, chapter 643, section 19, subdivision 9, is amended to read:

Subd. 9. Museum and Center for
American Indian History

1,100,000

This appropriation is for the ~~Minnesota historical society board of trustees of the Minnesota state colleges and universities~~ to plan, design, and construct a museum and center for American Indian history and policy. The facility shall be located at ~~an institution of higher education, selected by the state university board, which serves a region including the three most populous Indian reservations~~ Bemidji State University. This appropriation is not available unless matched by \$1,000,000 from nonpublic sources. The board of trustees of the Minnesota state colleges and universities is not required to pay any debt service for this appropriation.

Sec. 125. **APPLICABILITY.**

Sections 119, 120, and 123 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 126. **REPEALER.**

(a) Minnesota Statutes 1994, sections 116J.874, subdivision 6; 268A.01, subdivisions 7, 11, and 12; and 268A.09, are repealed.

(b) Minnesota Statutes 1994, sections 298.2211, subdivision 3a, and 462A.21, subdivision 8c, are repealed.

(c) Minnesota Statutes 1994, section 97A.531, subdivisions 2, 3, 4, 5, and 6,

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are repealed. Any action of the commissioner of natural resources under authority of those subdivisions is void.

(d) Laws 1990, chapter 521, section 4, is repealed.

Sec. 127. **EFFECTIVE DATES.**

Sections 18, subdivision 5; 30 to 47; 49; 57; 69; 71; 76; 79; 95; 96; 98; 100 to 103; 108; 112; 115; 116; 123 to 125; 126, paragraphs (b), (c), and (d); and all provisions of this act making appropriations for fiscal year 1995, are effective the day following final enactment. Section 51 is effective the day following final enactment and is repealed December 31, 1995. Section 52 is effective May 1, 1996. Sections 117 to 121 are effective August 1, 1997. All other provisions of this act are effective July 1, 1995.

Presented to the governor May 22, 1995

Signed by the governor May 25, 1995, 3:12 p.m.

CHAPTER 225—S.F.No. 1204

An act relating to insurance; no-fault auto; regulating rental vehicle coverages; determining when a vehicle is rented; modifying the right to compensation for loss of use of a damaged rented motor vehicle; providing for limits of vicarious liability for motor vehicle lesors; amending Minnesota Statutes 1994, section 65B.49, subdivision 5a.

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

Section 1. Minnesota Statutes 1994, section 65B.49, subdivision 5a, is amended to read:

Subd. 5a. **RENTAL VEHICLES.** (a) Every plan of reparation security insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section 168.011 must provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan. This subdivision does not apply to plans of reparation security covering only motor vehicles registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment as defined under section 168.011. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than \$35,000, the coverage available under the subdivision must be \$35,000. Other than as described in this paragraph, nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

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