

CHAPTER 201—S.F.No. 1646

An act relating to nuclear waste; requiring the commissioner of public service to collect and hold in escrow funds for the disposal of high-level radioactive waste.

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

Section 1. NUCLEAR WASTE ESCROW ACCOUNT.

Beginning July 1, 1997, the public utilities commission may direct persons in Minnesota that are generating or holding title to high-level radioactive waste or spent nuclear fuel and that are subject to the fee specified under United States Code, title 42, section 10222, to remit the proceeds of that fee to the commissioner of public service. The commissioner shall place all revenues collected from this fee into an interest-bearing escrow account. The commissioner shall release the funds in the escrow account to the secretary of the federal Department of Energy upon a showing by the secretary that a federal repository for the long-term storage and permanent disposal of spent nuclear fuel and high-level radioactive waste is operating and currently accepting such materials.

This section is intended to enable the state of Minnesota to adopt or implement any appropriate relief granted by a court of competent jurisdiction for the United States Department of Energy breach of its obligations to dispose of commercial spent nuclear fuel not later than January 31, 1998.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective July 1, 1997.

Presented to the governor May 20, 1997

Signed by the governor May 22, 1997, 11:55 a.m.

CHAPTER 202—S.F.No. 1905

An act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; modifying provisions relating to state government operations; modifying information technology provisions; providing for community-based planning; modifying provisions relating to the municipal board; establishing dispute resolution procedures; providing criminal penalties; amending Minnesota Statutes 1996, sections 1.34, subdivision 2; 3.056; 3.099, subdivision 3; 3.225, subdivision 1; 3.85, subdivision 3; 10A.09, subdivision 6; 10A.20, subdivision 2; 14.47, subdivision 8; 15.0597, subdivisions 5 and 7; 15.0599, subdivision 4; 16A.10, subdivision 2; 16A.103, subdivision 1; 16A.11, subdivisions 1, 3b, and 3c; 16A.1285, subdivision 3; 16A.129, subdivision 3; 16A.15, subdivision 3; 16A.642, subdivision 1, and by adding a subdivision; 16B.05, subdivision 2; 16B.20, subdivision 2; 16B.24, subdivision 5; 16B.35, by adding a subdivision; 16B.42, subdivision 1; 16B.465; 16B.467; 16B.70, subdivision 2; 43A.17, subdivision 4; 43A.38, subdivision 4; 115.49, by adding a subdivision; 116P.05, subdivision 1; 138.31, by adding a subdivision; 138.35; 138.91, by adding a subdivision; 151.21, by adding a subdivision; 176.611, by adding a subdivision; 327.33, subdivision 2; 327B.04, subdivision 7; 349.163, subdivision 4; 356.865, subdivision 3; 363.073, subdivision 1; 394.23; 394.24, sub-

New language is indicated by underline, deletions by strikeout.

division 1; 403.02, subdivision 2, and by adding a subdivision; 403.08, by adding a subdivision; 403.11, subdivision 2; 403.113, subdivisions 1, 2, 3, and 4; 403.13; 414.0325, subdivision 1; 414.033, subdivisions 2b, 11, and 12; 422A.101, subdivision 3; 462.352, subdivisions 5, 6, and by adding a subdivision; 462.357, subdivision 2; 473.894, subdivision 3; and 475A.06, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 4A; 16B; 43A; 62J; 197; 394; 403; 414; 462; 465; and 473; proposing coding for new law as Minnesota Statutes, chapters 16E and 572A; repealing Minnesota Statutes 1996, sections 10A.21; 15.95; 15.96; 16B.40; 16B.41; 16B.43; 16B.58, subdivision 8; 138.35, subdivision 3; and 414.033, subdivision 2a.

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

ARTICLE 1

APPROPRIATIONS

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1998" and "1999," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1998, or June 30, 1999, respectively.

SUMMARY BY FUND

	1998	1999	BIENNIAL TOTAL
General	\$ 338,665,000	\$ 309,544,000	\$ 648,209,000
State Government			
Special Revenue	11,866,000	13,311,000	25,177,000
Environmental	224,000	229,000	453,000
Solid Waste Fund	445,000	450,000	895,000
Lottery Prize Fund	1,300,000	1,150,000	2,450,000
Highway User Tax Distribution	2,044,000	2,091,000	4,135,000
Trunk Highway	37,000	37,000	74,000
Workers' Compensation	4,207,000	4,295,000	8,502,000
TOTAL	\$ 358,788,000	\$ 331,107,000	\$ 689,895,000

APPROPRIATIONS
Available for the Year
Ending June 30
1998 1999

Sec. 2. LEGISLATURE

Subdivision 1. Total

Appropriation	55,248,000	56,301,000
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Summary by Fund

General	55,211,000	56,264,000
Trunk Highway	37,000	37,000

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

Subd. 2. Senate	18,974,000	17,743,000
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Subd. 3. House of Representatives	24,116,000	25,801,000
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Subd. 4. Legislative Coordinating Commission	12,158,000	12,757,000
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Summary by Fund

General	12,121,000	12,720,000
Trunk Highway	37,000	37,000

\$4,754,000 the first year and \$5,362,000 the second year are for the office of the revisor of statutes.

\$1,030,000 the first year and \$1,052,000 the second year are for the legislative reference library.

\$4,615,000 the first year and \$4,622,000 the second year are for the office of the legislative auditor.

\$8,000 the first year and \$8,000 the second year are to provide additional funding for the legislative coordinating commission to contract for sign language interpreter services for meetings in Minnesota with legislators.

\$18,000 the first year is for the corporate subsidy reform commission created by this act and is available until June 30, 1999.

\$65,000 the first year is for expenses of the information policy task force created by this act and is available until June 30, 1999.

Sec. 3. GOVERNOR AND
LIEUTENANT GOVERNOR

	3,816,000	3,884,000
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This appropriation is to fund the offices of the governor and lieutenant governor.

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

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

Sec. 4. STATE AUDITOR	7,718,000	7,916,000
Sec. 5. STATE TREASURER	2,070,000	2,134,000

\$1,000,000 the first year and \$1,000,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

Sec. 6. ATTORNEY GENERAL	27,683,000	26,946,000
Summary by Fund		
General	25,261,000	24,441,000*

* (The fund summary of "24,441,000" was vetoed by the governor.)

State Government		
Special Revenue	1,849,000	1,924,000
Environmental	128,000	131,000
Solid Waste Fund	445,000	450,000

\$25,000 the first year is for the attorney general to continue a study of gender equity in athletics, to be available until June 30, 1999.

Sec. 7. SECRETARY OF STATE	5,937,000	5,914,000
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\$34,000 the first year and \$26,000 the second year are for administrative expenses related to the uniform partnership act, 1997 S.F. No. 298, if enacted.

\$50,000 the first year is for licensing digital signature certification authorities under 1997 S.F. No. 173, if enacted.

Sec. 8. BOARD OF PUBLIC DISCLOSURE	593,000	483,000
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The board shall not adopt any new administrative rules governing the provisions out-

lined in Minnesota Rules, chapter 4503 until after February 1, 1999.

Sec. 9. INVESTMENT BOARD	2,163,000	2,247,000
Sec. 10. ADMINISTRATIVE HEARINGS	4,107,000	4,195,000

This appropriation is from the workers' compensation special compensation fund for considering workers' compensation claims.

Sec. 11. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	4,973,000	5,317,000
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\$175,000 the first year and \$175,000 the second year are for statewide grants to implement teen courts pilot projects. Up to five percent of the appropriation may be used to administer the program. This appropriation shall not be included in the agency's base for future bienniums.

\$165,000 the first year and \$165,000 the second year are for community-based planning and the advisory council on community-based planning.

\$375,000 the second year is for planning grants to counties, joint planning districts that include at least one county, or to a county and one or more municipalities within the county, when they submit a joint planning application to prepare community-based plans. A county receiving a grant may provide funding to municipalities within the county for purposes of the grant. The office shall give priority for grants to joint planning districts or joint applications from a county and one or more municipalities. This appropriation is available until June 30, 2000.

\$375,000 the second year is for technology grants to counties, or joint planning districts that include at least one county, that elect to prepare community-based plans. This appropriation is available until June 30, 2000.

\$350,000 the first year is to make a grant to a joint powers board, if one is established by the counties of Benton, Sherburne, and Stearns, and the cities of St. Cloud, Waite Park, Sartell, St. Joseph, and Sauk Rapids, for the purposes of joint planning under this act. Other cities and towns within the coun-

ties may elect to participate in the joint planning district. The director may make the grant once the joint powers board has been formed and a copy of the joint powers agreement has been received by the director. Members of the joint powers board may delegate their authority to adopt official controls to the joint powers board.

\$150,000 the first year is to make three grants to additional counties or joint powers boards selected to participate in the community-based planning pilot project. A county that receives a grant from this appropriation may provide funding to municipalities within the county for purposes relating to the grant.

Sec. 12. ADMINISTRATION

Subdivision 1. Total

Appropriation		49,349,000	46,486,000
	Summary by Fund		
General	39,732,000	35,499,000	
State Government			
Special Revenue	9,617,000	10,987,000	

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

Subd. 2. Operations Management

4,107,000	3,563,000
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\$183,000 the first year and \$67,000 the second year are for prescription drug contracting activities.* **(The preceding text beginning "\$183,000" was vetoed by the governor.)**

During the biennium ending June 30, 1999, for any executive agency contract that is subject to Minnesota Statutes, section 363.073, the commissioner shall ensure to the extent practical and to the extent consistent with the business needs of the state, before the agency enters into the contract, that the company to receive the contract attempts to recruit Minnesota welfare recipients to fill vacancies in entry level positions, if the company has entry level employees in Minnesota.

Up to \$500,000 the first year is for the commissioner to conduct a study to determine if

there is sufficient justification under a strict scrutiny standard to continue or establish a narrowly tailored purchasing program for the benefit of any socially disadvantaged groups. In conducting this study, to the extent practical the commissioner shall use data gathered for similar studies in Hennepin and Ramsey counties. The commissioner may also study and recommend alternatives for race and gender neutral programs to stimulate growth opportunities for small businesses. The study of these alternatives may include, but is not limited to, increasing outreach efforts, evaluating contract purchasing procedures, providing increased information and feedback to small businesses, eliminating or reducing bonding and insurance requirements, and mentoring and education. The commissioner shall report to the governor and the legislature by March 16, 1998.

Subd. 3. Facilities Management

11,734,000	11,202,000
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\$2,250,000 the first year and \$2,250,000 the second year are for repair and maintenance of state facilities under the custodial control of the commissioner of administration.

When the museum-quality portrait of Rudy and Lola Perpich authorized by this act is completed, the commissioner shall substitute it for the portrait of Governor Rudy Perpich that currently is displayed on the ground floor of the State Capitol.

\$650,000 is for the commissioner of administration to acquire the building in Ely currently used by the department of revenue. The commissioner shall cause the building to be appraised by a qualified appraiser. The commissioner shall submit the report of the appraisal to the chairs of the senate committees on taxes and state government finance and to the chairs of the house committees on taxes and ways and means for their review and comments. The commissioner may not acquire the building until 30 days after the report of the appraisal was received by the chairs or until the chairs have all submitted

their comments to the commissioner, whichever occurs first.

\$5,187,000 the first year and \$5,249,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

The commissioner of administration shall examine the feasibility and practicality of relocating the division of emergency services to larger quarters outside the capitol.

Subd. 4. Fiscal Agent		
	1,060,000	160,000
(a) Children's Museum		
	160,000	160,000

This appropriation is for a grant to the Minnesota Children's Museum.

(b) Voyageur Center

\$250,000 the first year is for a grant to the city of International Falls for the predesign and design of an interpretive library and conference center. The center shall provide educational opportunities and enhance tourism by presenting information and displays that preserve and interpret the history of the voyageurs and animals involved with the voyageurs, emphasizing the importance of the fur trade to the history and development of the region and the state. The center shall include conference facilities. The center shall be located in the city of International Falls. The city may enter into a lease or management contract with a nonprofit entity for operation of the center. In developing plans for the facility, the commissioner must consult with the small business development center located at Rainy River Community College.

(c) Hockey Hall of Fame

\$200,000 the first year is for a grant to the hockey hall of fame in Eveleth for capital improvements and building and grounds maintenance. Any money not spent the first year is available the second year.

(d) American Bald Eagle Center

\$450,000 the first year is for a grant to the city of Wabasha to acquire and prepare a site

for and to predesign and design the American Bald Eagle Center, to be available until June 30, 1999.

Subd. 5. Administrative Management
2,633,000 2,659,000

\$2,000 the first year and \$2,000 the second year are for the state employees' band.

\$175,000 the first year and \$175,000 the second year are for the STAR program.

\$187,000 the first year and \$190,000 the second year are for the office of the state archaeologist.

\$30,000 the first year is for the office of the state archaeologist to identify Indian burial mounds throughout the state and to provide information about these burial mounds to units of local government.

Subd. 6. Management Analysis
584,000 658,000

Subd. 7. Technology Management
24,401,000 24,028,000

Summary by Fund

General	14,784,000	13,041,000
State Government		
Special Revenue	9,617,000	10,987,000

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

\$724,000 the first year and \$936,000 the second year are for the network telecommunications initiative. It is intended that portions of this appropriation be transferred to other agencies to fund project costs. The commissioner is authorized to make the transfers with the advance approval of the commissioner of finance.

\$12,500,000 the first year and \$10,500,000 the second year are for modification of state business systems to address year 2000 changes. \$8,000,000 the first year is placed in a contingent account and is available only upon approval of the governor, after consultation with the legislative advisory com-

mission. The commissioner shall report to the legislature by December 15, 1997, on progress of the project. This appropriation is not available until the commissioner has determined that all other money allocated for replacement or enhancement of existing technology for year 2000 compliance will be expended. Each request for additional funding must include the following information: (1) a complete description of the impact if the information system is not upgraded for year 2000 compliance; (2) a description of other means of addressing the problem if additional funding is not provided; and (3) a description of problems that may impact other systems if the funding is not provided.

\$280,000 the first year and \$281,000 the second year are for the intergovernmental information systems advisory council.

Funds that were made available to develop the local government financial reporting system in Laws 1994, chapter 587, article 3, section 3, clause (5), shall also be used to implement and operate the system.

The intergovernmental information systems advisory council shall create a committee to provide direction for the ongoing operation and maintenance of the local government financial reporting system similar to the recommendation made in the initial report to the legislative commission on planning and fiscal policy. Members shall include one member each from the legislature, office of the state auditor, department of revenue, department of finance, counties, cities, townships, special districts, and a member from the general financial community.

Subd. 8. Public Broadcasting

4,830,000	4,216,000
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\$1,700,000 the first year and \$1,700,000 the second year are for matching grants for public television. \$250,000 the first year and \$250,000 the second year are a one-biennium appropriation and must not be included in the budget base for the next biennium. Public television grant recipients shall give special emphasis to children's program-

ming. In addition, public television grant recipients shall promote program and outreach initiatives that will increase literacy and attempt to reduce youth violence in our communities.

\$700,000 the first year and \$700,000 the second year are for public television equipment needs. \$100,000 the first year and \$100,000 the second year are a one-biennium appropriation and must not be included in the budget base for the next biennium. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$750,000 the first year is for a one-time grant to Twin Cities public television to construct a digital broadcast transmission facility and develop high-definition digital television capability. Twin Cities public television will work with the University of Minnesota and other higher education institutions to explore and demonstrate educational uses of the broadcast services funded by this appropriation. This appropriation must be matched equally from nonstate sources.

\$305,000 the first year and \$441,000 the second year are for grants for public information television transmission of legislative activities. At least one-half must go for programming to be broadcast in rural Minnesota.

\$25,000 the first year and \$25,000 the second year are for grants to the Twin Cities regional cable channel.

\$400,000 the first year and \$400,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

\$80,000 the first year and \$80,000 the second year are a one-biennium appropriation and must not be included in the budget base for the next biennium.

\$925,000 the first year and \$925,000 the second year are for equipment grants to public radio stations. \$431,000 the first year and

\$431,000 the second year are a one-biennium appropriation and must not be included in the budget base for the next biennium. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

\$25,000 the first year and \$25,000 the second year are for a grant to the association of Minnesota public education radio stations for station KMOJ. This money may be used for equipment. This appropriation is separate from and in addition to money appropriated for stations affiliated with Minnesota Public Radio and the Association of Minnesota Public Radio Stations.

Before receiving funding under this section, each public radio or public television station or network that is to receive funding must agree to submit a report to the commissioner. The report must list all sources of revenue for the station or network and any for-profit subsidiaries. This must include all federal, state, or local funds received; private and corporate gifts, grants, and other donations, including conditions placed on the use of these; investment earnings; and a programming list. This report must be submitted annually beginning in 1998. Each report must cover the previous year. This paragraph does not apply to grants for public information television transmission of legislative activities.

Sec. 13. OFFICE OF TECHNOLOGY

5,161,000

2,777,000

\$2,326,000 the first year and \$2,377,000 the second year are for the administrative operations of the office of technology.

\$935,000 the first year is for the North Star online information service under new Minnesota Statutes, section 16E.07. Any unencumbered balance remaining in the first year

does not cancel and is available for the second year of the biennium.

\$500,000 the first year is to develop an electronic system to allow the public to retrieve by computer business license information prepared by the commissioner of economic development, as required by new Minnesota Statutes, section 16E.08. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium. The executive director shall report to the legislature by January 15, 1998, on progress of the project.

\$400,000 the first year and \$400,000 the second year are to develop a United Nations trade point in the state under new Minnesota Statutes, section 16E.11. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$500,000 the first year is to support activities associated with a plenipotentiary conference of the International Telecommunications Union.

\$500,000 the first year is to operate the Internet Center under new Minnesota Statutes, section 16E.12, and to develop community technology resources under new Minnesota Statutes, section 16E.13. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Sec. 14. CAPITOL AREA ARCHITECTURAL
AND PLANNING BOARD

761,000

289,000

\$455,000 the first year is for two governors' portraits, predesign of a memorial to Coya Knutson, design and construction of a memorial to Hubert H. Humphrey, and completion of the Minnesota women's suffrage memorial garden and is available until expended. The portrait of Rudy and Lola Perpich must be a museum-quality oil painting based on the portrait of Rudy and Lola Perpich currently on display at the Minnesota Historical Society.* (The preceding text beginning "\$455,000" was vetoed by the governor.)

The capitol area architectural and planning board shall develop standards for the content, construction, and materials used for the official portrait of a governor that is to be hung in the state capitol. The board shall give particular attention to the question of whether the governor's spouse should be included in the official portrait of a future governor and the length of time the portrait should be expected to last without significant deterioration. The board shall report its recommendations to the legislature by January 15, 1998.

Notwithstanding Laws 1993, chapter 192, section 16, the appropriation in that section for the Hubert H. Humphrey memorial need not be matched.

The appropriation in Laws 1996, chapter 390, section 5, for revision of the board's comprehensive plan and zoning ordinance is available until June 30, 1998.

Sec. 15. FINANCE

Subdivision 1. Total
Appropriation

	22,520,000	22,751,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Accounting Services
4,696,000 4,795,000

Subd. 3. Accounts Receivable
Operations
1,476,000 1,513,000

\$595,000 the first year and \$610,000 the second year are for transfer to the department of revenue.

\$266,000 the first year and \$273,000 the second year are for transfer to the department of human services.

\$562,000 the first year and \$576,000 the second year are for transfer to the attorney general.

Subd. 4. Budget Services
2,129,000 2,189,000

The commissioner of finance shall convene a joint executive-legislative work group to

evaluate the current usefulness and benefits of agency performance reports prepared in accordance with the requirements of Minnesota Statutes, sections 15.90 to 15.92. The work group shall include representatives of reporting agencies, the office of the legislative auditor, the legislative committees to which agency performance reports are presented, and other parties as deemed appropriate by the commissioner. By November 3, 1997, the commissioner shall report the progress of the work group to the legislative commission on planning and fiscal policy and other committees as appropriate. The report of the commissioner shall contain recommendations on proposed administrative and legislative actions to increase the relevance, overall usefulness, and benefits of state performance reporting efforts, and increase the efficiency of the report development process. By February 2, 1998, the commissioner shall report to the legislative commission on planning and fiscal policy and other committees as appropriate on performance measures proposed for reporting on specific agencies, and request the concurrence of the legislature on the proposed measures.

The term "annualization of new programs" as used in the detailed budget estimates shall be changed to "new programs to agency base."

Subd. 5. Economic Analysis		
	313,000	319,000
Subd. 6. Information Services		
	12,304,000	12,304,000
Subd. 7. Management Services		
	1,602,000	1,631,000

Sec. 16. EMPLOYEE RELATIONS

Subdivision 1. Total		
Appropriation	8,505,000	7,228,000

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

Subd. 2. Human Resources		
Management		
	7,051,000	7,124,000

\$325,000 the first year and \$250,000 the second year are for continuation of reforms to the state's human resource management processes and policies, including, but not limited to, enhancing redeployment procedures, application and testing services, hiring, the position classification system, and employee development processes.

\$50,000 the first year and \$50,000 the second year are for a grant to the government training service.

\$75,000 the first year and \$75,000 the second year are for the Minnesota quality college under Minnesota Statutes, section 43A.211.

\$22,000 the first year and \$22,000 the second year are to fund a position to administer the state's annual combined charities program.

During the biennium ending June 30, 1999, the commissioner shall attempt to recruit Minnesota welfare recipients to fill at least ten percent of vacancies in entry level state positions.

Subd. 3. Employee Insurance

1,454,000	104,000
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\$104,000 the first year and \$104,000 the second year are for the right-to-know contracts administered through the employee insurance division.

\$1,000,000 the first year is a one-time appropriation to establish a state workers' compensation settlement and contingency reserve. This appropriation must be transferred to a separate account within the miscellaneous special revenue fund, from which payments may be made and premiums assessed to replenish the reserve account under new Minnesota Statutes, section 176.611, subdivision 2a.

During the biennium ending June 30, 1999, the amount necessary to pay premiums for coverage by the worker's compensation reinsurance association under Minnesota Statutes, section 79.34, is appropriated from the general fund to the commissioner.

Sec. 17. REVENUE

Subdivision 1. Total

Appropriation		80,342,000	82,574,000
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Summary by Fund

General	78,202,000	80,385,000	
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Highway User			
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Tax Distribution	2,044,000	2,091,000	
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Environmental	96,000	98,000	
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Income Tax

14,297,000	14,549,000	
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Subd. 3. Business Excise and Consumption

13,657,000	13,972,000	
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Summary by Fund

General	11,517,000	11,783,000	
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Highway User			
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Tax Distribution	2,044,000	2,091,000	
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Environmental	96,000	98,000	
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\$150,000 each year from the highway use tax distribution fund is for funding of the dyed fuel program. This appropriation is reduced by the amount of any federal grants available for use during the biennium for dyed fuel enforcement purposes.

Subd. 4. Property Tax and State Aids

2,869,000	3,026,000	
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Subd. 5. Tax Operations

27,679,000	28,207,000	
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Subd. 6. Legal and Research

3,830,000	3,832,000	
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\$80,000 the first year is to complete the Minnesota/Wisconsin tax reciprocity study.

Subd. 7. Administrative Support

15,887,000	16,827,000	
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Subd. 8. Accounts Receivable

2,123,000	2,161,000	
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During the biennium ending June 30, 1999, when a debt owed to any entity of state government for which the Minnesota collection enterprise has jurisdiction becomes 121 days

past due, the state entity must refer the account to the commissioner of revenue for assignment to the Minnesota collection enterprise. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the agency determines that the debtor is adhering to acceptable payment arrangements. The commissioner of revenue, in consultation with the commissioner of finance, may provide that certain types of debt need not be referred to the commissioner for assignment to the collection enterprise under this paragraph. Methods and procedures for referral shall follow internal guidelines prepared by the commissioner of finance.

Sec. 18. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

	10,416,000	10,527,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities

6,056,000	6,129,000
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Subd. 3. General Support

2,008,000	2,045,000
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\$75,000 the first year and \$75,000 the second year are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$400,000 the first year and \$400,000 the second year are for a pilot project to make armories available for recreational activities for youth. This amount shall not be included in the agency's base for future bienniums. Scheduling of these activities is subject to approval of the adjutant general. The project must include, but is not limited to, armories in Minneapolis and St. Paul. The adjutant general shall report to the chair of the state government finance division in the house

ids to honor veterans from all wars involving armed forces of the United States. In-kind donations may be used for the nonstate match. The appropriation does not expire and is available until expended. \$10,000 of this amount is for administrative costs.

\$110,000 the first year is to make a grant to the Red Tail Project of the Southern Minnesota Wing of the Confederate Air Force and Tuskegee Airmen, Inc., to restore a P-51C Mustang World War II fighter plane to honor the airmen known as the "Tuskegee Airmen." The appropriation must be matched by nonstate contributions to the project. \$10,000 of this amount is for administrative costs.

\$17,090,000 the first year is to make bonus payments authorized under Minnesota Statutes, section 197.79. The appropriation may not be used for administrative purposes. The appropriation does not expire until the commissioner acts on all applications submitted under Minnesota Statutes, section 197.79.

\$250,000 the first year and \$250,000 the second year are to administer the bonus program established under Minnesota Statutes, section 197.79. The appropriation does not expire until the commissioner acts on all the applications submitted under Minnesota Statutes, section 197.79.

Sec. 20. VETERANS OF FOREIGN WARS	41,000	41,000
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For carrying out the provisions of Laws 1945, chapter 455.

Sec. 21. MILITARY ORDER OF THE PURPLE HEART	20,000	20,000
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Sec. 22. DISABLED AMERICAN VETERANS	13,000	13,000
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For carrying out the provisions of Laws 1941, chapter 425.

Sec. 23 . GAMBLING CONTROL	2,277,000	2,177,000
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The commissioner of revenue must continue to provide technical support to the lawful gambling control board for the collection of gambling taxes without charge during the biennium ending June 30, 1999.

Sec. 24. RACING COMMISSION	371,000	379,000
Sec. 25. STATE LOTTERY	1,300,000	1,150,000

This appropriation is from the state lottery prize fund to the commissioner of human services for outpatient and inpatient compulsive gambling treatment programs, compulsive gambling hotline services, felony screening, compulsive gambling youth education, and any other compulsive gambling treatment programs under Minnesota Statutes, section 245.98.

\$150,000 the first year is for the inpatient treatment program at Project Turnabout in Granite Falls.

Fifty percent of any money received by the Gamblers' Intervention Center of Duluth under any appropriation enacted during the 1997 regular legislative session must go to the Arrowhead Center, Inc. in Virginia.

The total amount of money spent from all appropriations enacted during the 1997 regular legislative session for hotline services, felony screening, and compulsive gambling youth education must not exceed the total amount spent for these purposes during the biennium ending June 30, 1997.

The director of the state lottery shall reimburse the general fund \$150,000 the first year and \$150,000 the second year for lottery-related costs incurred by the department of public safety.

Sec. 26. AMATEUR SPORTS COMMISSION	6,145,000	999,000
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\$5,000,000 the first year is for grants for ice centers under Minnesota Statutes, section 240A.09, of up to \$250,000 each. Up to \$1,000,000 of this amount may be used for renovation grants for existing ice arenas of up to \$100,000 each. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

The amateur sports commission shall report to the legislature by January 15, 1998, on progress toward the construction and reno-

vation of ice arenas, their success, financing, and operation, and any need for additional state-assisted efforts.

\$400,000 the first year and \$400,000 the second year are for pilot projects for youth sports as provided in this act. This amount must not be included in the agency's base for future bienniums. The executive director shall report by January 15, 1999, to the chairs of the state government finance division in the house and the governmental operations budget division in the senate on the results of the pilot project, including the number of youth served, programs provided, benefits of the programs to communities served, and the cost of administering the project.

\$50,000 the first year is for a grant to the United States Olympic Committee's Minnesota Olympic development program to fund the development of winter sports programs for females from ages 13 to 18. The money is available only upon demonstration of a dollar for dollar match from nonstate sources.

\$75,000 the first year is to study the feasibility of constructing an indoor amateur tennis facility in the city of St. Paul.

Sec. 27. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	13,018,000	13,036,000
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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	988,000	961,000
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Subd. 3. Grants Program	8,518,000	8,540,000
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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.

\$50,000 the first year and \$50,000 the second year are for grants to individual artists of color to create new works in collaboration with nonprofit arts and community organizations. Special emphasis must be made to reach artists of color who are recent immigrants.

Subd. 4. Regional Arts Councils	3,512,000	3,535,000
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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. 28. MINNESOTA HUMANITIES COMMISSION	886,000	886,000
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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. 29. GENERAL CONTINGENT ACCOUNTS	600,000	600,000
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Summary by Fund

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

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

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

The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the biennial appropriation to the attorney general from the special revenue fund and for transfer to the health boards if required for unforeseen expenditures of an emergency nature. The boards receiving the additional services or supplemental appropriations shall set their fees to cover the costs.

Sec. 30. TORT CLAIMS	275,000	275,000
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To be spent by the commissioner of finance.

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

Sec. 31. MINNESOTA STATE RETIREMENT SYSTEM	2,266,000	2,379,000
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The amounts estimated to be needed for each program are as follows:

(a) Legislators		
	2,093,000	2,197,000

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

(b) Constitutional Officers		
	173,000	182,000

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

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

Sec. 32. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	11,005,000	9,550,000
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\$10,455,000 the first year and \$9,000,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. Payment must be made in four equal installments, March 15, July 15, September 15, and November 15, each year.

\$550,000 the first year and \$550,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund for the supplemental benefit for pre-1973 retirees under Minnesota Statutes, section 356.865.

Sec. 33. POLICE AND FIRE AMORTIZATION AID	6,303,000	6,300,000
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\$4,925,000 the first year and \$4,925,000 the second year are to the commissioner of revenue for state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations, under Minnesota Statutes, section 423A.02.

\$1,000,000 the first year and \$1,000,000 the second year are to the commissioner of reve-

nue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

\$378,000 the first year and \$375,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 34. BOARD OF GOVERNMENT INNOVATION AND COOPERATION

1,312,000

1,009,000

\$306,000 the first year is to fund a portion of the cooperation and combination aid awards that were approved by the board in fiscal years 1996 and 1997.

Sec. 35. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1999, no more than \$545,457,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, the commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 36. STATEWIDE SYSTEMS ACCOUNT.

Subdivision 1. CONTINUATION. The statewide systems account is a separate account in the general fund. All money resulting from billings for statewide systems services must be deposited in the account. For the purposes of this section, statewide systems includes the state accounting system, payroll system, human resources system, procurement system, and related information access systems.

Subd. 2. BILLING PROCEDURES. The commissioner of finance may bill up to \$3,111,000 in fiscal year 1998 and \$3,659,000 in fiscal year 1999 for statewide systems

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services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota state colleges and universities, and other entities. Billing must be based only on usage of services relating to statewide systems provided by the intertechnologies division. Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner of finance in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota state colleges and universities.

Subd. 3. **APPROPRIATION.** Money transferred into the account is appropriated to the commissioner of finance to pay for statewide systems services during fiscal years 1998 and 1999.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 1996, section 1.34, subdivision 2, is amended to read:

Subd. 2. **OFFICERS.** The members of the legislative advisory committee shall select a chair and other officers as deemed necessary. The chair of the commission shall rotate every two years between the house and the senate.

Sec. 2. Minnesota Statutes 1996, section 3.056, is amended to read:

3.056 **DESIGNATION OF SUCCESSOR COMMITTEE.**

If a law assigns a power or duty to a named legislative committee or its chair, and the committee has been renamed or no longer exists, the speaker of the house of representatives or the senate committee on rules and administration shall designate the successor committee or chair for the law as provided in this section. If the committee has been renamed but retains jurisdiction of the subject of the power or duty, the speaker or senate committee shall designate the renamed committee as successor. If the committee has been renamed and jurisdiction of the subject of the power or duty has been transferred to another committee, the speaker or senate committee shall designate the committee with current jurisdiction as the successor. If the named committee no longer exists, the speaker or senate committee shall designate as successor the committee with the jurisdiction that most closely corresponds with the former jurisdiction of the named committee. The house of representatives and the senate shall maintain a list on the World Wide Web of renamed or successor committees to committees that are referenced in law.

Sec. 3. Minnesota Statutes 1996, section 3.099, subdivision 3, is amended to read:

Subd. 3. **LEADERS.** The senate committee on rules and administration for the senate and the house committee on rules and legislative administration for the house may each designate for their respective body up to three five leadership positions to receive up to 140 percent of the compensation of other members.

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At the commencement of each biennial legislative session, each house of the legislature shall adopt a resolution designating its majority and minority leader.

The majority leader is the person elected by the caucus of members in each house which is its largest political affiliation. The minority leader is the person elected by the caucus which is its second largest political affiliation.* **(The governor marked the preceding section as vetoed.)**

Sec. 4. Minnesota Statutes 1996, section 3.225, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** This section applies to a contract for professional or technical services entered into by the house of representatives, the senate, the legislative coordinating commission, or any group under the jurisdiction of the legislative coordinating commission. For purposes of this section, "professional or technical services" contract has the meaning defined in section 16B.17 but does not include legal services for official legislative business.

Sec. 5. Minnesota Statutes 1996, section 3.85, subdivision 3, is amended to read:

Subd. 3. **MEMBERSHIP.** The commission consists of ~~five~~ six members of the senate appointed by the subcommittee on committees of the ~~committee~~ on rules and administration and ~~five~~ six members of the house of representatives appointed by the speaker. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last subcommittee on committees of the senate committee on rules and administration or other appointing authority designated by the senate rules, and house vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house rules committee.

Sec. 6. Minnesota Statutes 1996, section 10A.09, subdivision 6, is amended to read:

Subd. 6. Each individual who is required to file a statement of economic interest shall file a supplementary statement on April 15 of each year that the individual remains in office if information on the most recently filed statement has changed. ~~The statement shall include a space for each category of information in which the individual may indicate that no change in information has occurred since the previous statement.~~ The supplementary statement, if required, shall include the amount of each honorarium in excess of \$50 received since the previous statement, together with the name and address of the source of the honorarium. A statement of economic interest submitted by an officeholder shall be filed with the statement submitted as a candidate.

Sec. 7. Minnesota Statutes 1996, section 10A.20, subdivision 2, is amended to read:

Subd. 2. The reports shall be filed with the board on or before January 31 of each year and additional reports shall be filed as required and in accordance with clauses (a) and (b).

(a) In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten 15 days before a primary and ten days before a general election, seven days before a special primary and a special election, and ten days after a special election cycle. The report due after a special election may be filed

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on January 31 following the special election if the special election is held not more than 60 days before that date.

(b) In each general election year political committees and political funds other than principal campaign committees shall file reports ten days before a primary and general election.

If a scheduled filing date falls on a Saturday, Sunday or legal holiday, the filing date shall be the next regular business day.

Sec. 8. Minnesota Statutes 1996, section 14.47, subdivision 8, is amended to read:

Subd. 8. SALES AND DISTRIBUTION OF COMPILATION. Any compilation, reissue, or supplement published by the revisor shall be sold by the revisor for a reasonable fee and its proceeds deposited in the general fund. An agency shall purchase from the revisor the number of copies of the compilation or supplement needed by the agency. The revisor shall provide without charge copies of each edition of any compilation, reissue, or supplement to the persons or bodies listed in this subdivision. Those copies must be marked with the words "State Copy" and kept for the use of the office. The revisor shall distribute:

(a) 25 copies to the office of the attorney general;

(b) ~~12 copies for the legislative commission for review of administrative rules~~ two copies to the leader of each caucus in the house of representatives and the senate, two copies to the legislative reference library, and one copy each to the house of representatives research department and the office of senate counsel and research;

(c) 3 copies to the revisor of statutes for transmission to the Library of Congress for copyright and depository purposes;

(d) 150 copies to the state law library;

(e) 10 copies to the law school of the University of Minnesota; and

(f) one copy of any compilation or supplement to each county library maintained pursuant to section 134.12 upon its request, except in counties containing cities of the first class. If a county has not established a county library pursuant to section 134.12, the copy will be provided to any public library in the county upon its request.

Sec. 9. Minnesota Statutes 1996, section 15.0597, subdivision 5, is amended to read:

Subd. 5. NOMINATIONS FOR VACANCIES. Any person may make a self-nomination for appointment to an agency vacancy by completing an application on a form prepared and distributed by the secretary. The secretary may provide for the submission of the application by electronic means. Any person or group of persons may, on the prescribed application form, nominate another person to be appointed to a vacancy so long as the person so nominated consents in writing on the application form to the nomination. The application form shall specify the nominee's name, mailing address, telephone number, preferred agency position sought, a statement that the nominee satisfies any legally prescribed qualifications, and any other information the nominating person feels would be helpful to the appointing authority. The nominating person has the option of indicating the nominee's sex, political party preference or lack thereof, status with regard to disability, race and national origin on the application form. The application form

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shall make the option known. If a person submits an application at the suggestion of an appointing authority, the person shall so indicate on the application form. Twenty-one days after publication of a vacancy in the State Register pursuant to subdivision 4, the secretary shall submit copies of all applications received for a position to the appointing authority charged with filling the vacancy. If no applications have been received by the secretary for the vacant position by the date when copies must be submitted to the appointing authority, the secretary shall so inform the appointing authority. Applications received by the secretary shall be deemed to have expired one year after receipt of the application. An application for a particular agency position shall be deemed to be an application for all vacancies in that agency occurring prior to the expiration of the application and shall be public information.

Sec. 10. Minnesota Statutes 1996, section 15.0597, subdivision 7, is amended to read:

Subd. 7. **REPORT.** Together with the compilation required in subdivision 3, the secretary shall annually deliver to the governor and the legislature a report containing the following information:

- (1) the number of vacancies occurring in the preceding year;
- (2) the number of vacancies occurring as a result of scheduled ends of terms, unscheduled vacancies and the creation of new positions;
- (3) breakdowns by county, legislative district, and congressional district, and, if known, the sex, political party preference or lack thereof, status with regard to disability, race, and national origin, for members whose agency membership terminated during the year and appointees to the vacant positions; and
- (4) the number of vacancies filled from applications submitted by (i) the appointing authorities for the positions filled, (ii) nominating persons and self-nominees who submitted applications at the suggestion of appointing authorities, and (iii) all others.

Sec. 11. Minnesota Statutes 1996, section 15.0599, subdivision 4, is amended to read:

Subd. 4. **REGISTRATION; INFORMATION REQUIRED.** (a) The appointing authority of a newly established agency shall provide the secretary with the following information:

- (1) the name, mailing address, and telephone number of the agency;
- (2) the legal authority for the establishment of the agency and the name and the title of the person or persons appointing agency members;
- (3) the powers and duties of the agency and whether the agency, however designated, is best described by section 15.012, paragraph (a), (b), (c), (e), or (f);
- (4) the number of authorized members, together with any prescribed restrictions on eligibility;
- (5) the roster of current members, including mailing addresses and telephone numbers;
- (6) a breakdown of the membership showing distribution by county, legislative district, and congressional district and compliance with any restrictions listed in accordance with clause (4);

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(7) if any members have voluntarily provided the information, the sex, age, political preference or lack of preference, status with regard to disability, race, and national origin of those members;

(8) the dates of commencement and expiration of membership terms and the expiration date of the agency, if any;

(9) the compensation of members and appropriations or other money available to the agency;

(10) the name of the state agency or other entity, if any, required to provide staff or administrative support to the agency;

(11) the regular meeting schedule, if any, and the approximate number of hours a month of meetings or other activities required of members; and

(12) a brief statement of the goal or purpose of the agency, along with a summary of what an existing agency has done, or what a newly established agency plans to do to achieve its goal or purpose.

(b) The chair of an existing agency shall provide information, covering the fiscal year in which it is registering, on the number of meetings it has held, its expenses, and the number of staff hours, if any, devoted to its support. The chair shall also, if necessary, update any of the information previously provided in accordance with paragraph (a).

(c) The secretary shall provide forms for the reporting of information required by this subdivision and may provide for reporting by electronic means.

Sec. 12. Minnesota Statutes 1996, section 16A.10, subdivision 2, is amended to read:

Subd. 2. **BY OCTOBER 15 AND NOVEMBER 30.** By October 15 of each even-numbered year, an agency must file the following with the commissioner:

(1) budget and ~~departmental earnings~~ estimates for the most recent and current fiscal years;

(2) its upcoming biennial budget and ~~departmental earnings~~ estimates;

(3) a comprehensive and integrated statement of agency missions and outcome and performance measures; and

(4) a concise explanation of any planned changes in the level of services or new activities.

The commissioner shall prepare and file the budget estimates for an agency failing to file them. By November 30, the commissioner shall send the final budget format, ~~departmental earnings report~~, agency budget plans or requests for the next biennium, and copies of the filed material to the ways and means and finance committees, except that the commissioner shall not be required to transmit information that identifies executive branch budget decision items. At this time, a list of each employee's name, title, and salary must be available to the legislature, either on paper or through electronic retrieval.

Sec. 13. Minnesota Statutes 1996, section 16A.103, subdivision 1, is amended to read:

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Subdivision 1. **STATE REVENUE AND EXPENDITURES.** In February and November each year, the commissioner shall prepare and deliver to the governor and legislature a forecast of state revenue and expenditures. The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. In determining the rate of inflation, the application of inflation, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chair of the senate state government finance committee, the chair of the house committee on ways and means, and house and senate fiscal staff. In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents. A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Sec. 14. Minnesota Statutes 1996, section 16A.11, subdivision 1, is amended to read:

Subdivision 1. **WHEN.** The governor shall submit a four-part budget to the legislature. Parts one and two, the budget message and detailed operating budget, must be submitted by the fourth Tuesday in January in each odd-numbered year. Part three, the detailed recommendations as to capital expenditure, must be submitted as follows: agency capital budget requests by June 15 ~~July 1~~ of each odd-numbered year; ~~preliminary governor's recommendations by September 1~~ of each odd-numbered year; and ~~final governor's recommendations by February 1~~ January 15 of each even-numbered year. Part four, the detailed recommendations as to information technology expenditure, must be submitted at the same time the governor submits the budget message to the legislature.

Sec. 15. Minnesota Statutes 1996, section 16A.11, subdivision 3b, is amended to read:

Subd. 3b. **CONTRACTS.** The detailed budget estimate must also include the following information on professional or technical services contracts:

- (1) the number and amount of contracts over \$40,000 for each agency for the past biennium;
- (2) the anticipated number and amount of contracts over \$40,000 for each agency for the upcoming biennium; and
- (3) the total number and value of all contracts from the previous biennium, and the anticipated total number and value of all contracts for the upcoming biennium.

Sec. 16. Minnesota Statutes 1996, section 16A.11, subdivision 3c, is amended to read:

Subd. 3c. **PART FOUR; DETAILED INFORMATION TECHNOLOGY BUDGET.** The detailed information technology budget must include recommendations for information technology projects to be funded during the next biennium and planning estimates for an additional two biennia. ~~It must be submitted with projects ranked in order of importance among all projects as determined by the governor.~~

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Sec. 17. Minnesota Statutes 1996, section 16A.1285, subdivision 3, is amended to read:

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

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

(2) prepare a biennial report that documents collection costs, purposes, and yields of all departmental earnings, the report to be submitted to the legislature on or before ~~November 30 of each even-numbered year~~ the fourth Tuesday in January in each odd-numbered year and to include estimated data for the year in which the report is prepared, actual data for the two years immediately before, and estimates for the two years immediately following; and

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

Sec. 18. Minnesota Statutes 1996, section 16A.129, subdivision 3, is amended to read:

Subd. 3. **CASH ADVANCES.** When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

Sec. 19. Minnesota Statutes 1996, section 16A.15, subdivision 3, is amended to read:

Subd. 3. **ALLOTMENT AND ENCUMBRANCE.** (a) A payment may not be made without prior obligation. An obligation may not be incurred against any fund, allotment, or appropriation unless the commissioner has certified a sufficient unencumbered balance or the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. The commissioner shall determine when the accounting system may be used to incur obligations without the commissioner's certification of a sufficient unencumbered balance. An expenditure or obligation authorized or incurred in violation of this chapter is invalid and ineligible for payment until made valid. A payment made in violation of this chapter is illegal. An employee authorizing or making the payment, or taking part in it, and a person receiving any part of the payment, are jointly and severally liable to the state for the amount paid or received. If an employee knowingly incurs an obligation or authorizes or makes an expenditure in violation of this

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chapter or takes part in the violation, the violation is just cause for the employee's removal by the appointing authority or by the governor if an appointing authority other than the governor fails to do so. In the latter case, the governor shall give notice of the violation and an opportunity to be heard on it to the employee and to the appointing authority. A claim presented against an appropriation without prior allotment or encumbrance may be made valid on investigation, review, and approval by the ~~commissioner~~ agency head in accordance with the commissioner's policy, if the services, materials, or supplies to be paid for were actually furnished in good faith without collusion and without intent to defraud. The commissioner may then draw a warrant to pay the claim just as properly allotted and encumbered claims are paid.

(b) The commissioner may approve payment for materials and supplies in excess of the obligation amount when increases are authorized by section 16B.07, subdivision 2.

(c) To minimize potential construction delay claims, an agency with a project funded by a building appropriation may allow a contractor to proceed with supplemental work within the limits of the appropriation before money is encumbered. Under this circumstance, the agency may requisition funds and allow contractors to expeditiously proceed with a construction sequence. While the contractor is proceeding, the agency shall immediately act to encumber the required funds.

Sec. 20. Minnesota Statutes 1996, section 16A.642, subdivision 1, is amended to read:

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

(1) all state building projects for which bonds have been authorized and issued by a law enacted more than seven years before February 1 of that even-numbered year and of which 20 percent or less of a project's authorization has been encumbered or otherwise obligated for the purpose stated in the law authorizing the issue; and

(2) all state bonds authorized and issued for purposes other than building projects reported under clause (1), by a law enacted more than seven years before February 1 of that even-numbered year, and the amount of any balance that is unencumbered or otherwise not obligated for the purpose stated in the law authorizing the issue.

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

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

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

Sec. 21. Minnesota Statutes 1996, section 16A.642, is amended by adding a subdivision to read:

Subd. 3. APPLICATION OF UNUSED BOND PROCEEDS. All canceled bond proceeds shall be transferred to the state bond fund and used to pay or redeem bonds from which they were derived.

Sec. 22. Minnesota Statutes 1996, section 16B.20, subdivision 2, is amended to read:

Subd. 2. **ADVISORY COUNCIL.** A small business and targeted group procurement advisory council is created. The council consists of 13 members appointed by the commissioner of administration. A chair of the advisory council shall be elected from among the members. The appointments are subject to the appointments program provided by section 15.0597. The terms, compensation, and removal of members are as provided in section 15.059. Notwithstanding section 15.059, the council does not expire until June 30, 1998.

Sec. 23. Minnesota Statutes 1996, section 16B.24, subdivision 5, is amended to read:

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

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

(c) **FORT SNELLING CHAPEL; RENTAL.** The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

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

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

Sec. 24. [16B.275] CAPITOL AREA CAFETERIAS.

In entering into contracts for operation of cafeterias in the capitol complex, the commissioner must attempt to ensure the department does not receive revenues in excess of those needed to operate and maintain the cafeteria space.

Sec. 25. Minnesota Statutes 1996, section 16B.35, is amended by adding a subdivision to read:

Subd. 5. **CONTRACTOR'S BOND NOT REQUIRED.** Sections 574.26 to 574.32 do not apply to this section.

Sec. 26. Minnesota Statutes 1996, section 16B.70, subdivision 2, is amended to read:

Subd. 2. **COLLECTION AND REPORTS.** All permit surcharges must be collected by each municipality and a portion of them remitted to the state. Each municipality having a population greater than 20,000 people shall prepare and submit to the commissioner once a month a report of fees and surcharges on fees collected during the previous month but shall retain the greater of two percent or that amount collected up to \$25 to apply against the administrative expenses the municipality incurs in collecting the surcharges. All other municipalities shall submit the report and surcharges on fees once a quarter but shall retain the greater of four percent or that amount collected up to \$25 to apply against the administrative expenses the municipalities incur in collecting the surcharges. The report, which must be in a form prescribed by the commissioner, must be submitted together with a remittance covering the surcharges collected by the 15th day following the month or quarter in which the surcharges are collected. All money collected by the commissioner through surcharges and other fees prescribed by sections 16B.59 to 16B.75, which are payable to the state, must be paid shall be deposited in the state government special revenue fund and is appropriated to the commissioner who shall deposit them in the state treasury for credit to a special revenue fund for the purpose of administering and enforcing the state building code under sections 16B.59 to 16B.75.

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Sec. 27. [16B.93] DEFINITIONS.

Subdivision 1. APPLICABILITY. For purposes of sections 16B.93 to 16B.96, the terms in this section have the meanings given them.

Subd. 2. CONTRACTOR. "Contractor" means an individual, business entity, or other private organization that is awarded a contract by the commissioner to negotiate and administer the price contracts for prescription drugs under section 16B.94, subdivision 2.

Subd. 3. NONGOVERNMENTAL PHARMACEUTICAL CONTRACTING ALLIANCE OR NONGOVERNMENTAL ALLIANCE. "Nongovernmental pharmaceutical contracting alliance" or "nongovernmental alliance" means the alliance established and administered by the commissioner under the authority granted in section 16B.94.

Subd. 4. MANUFACTURER. "Manufacturer" means a manufacturer as defined under section 151.44, paragraph (c).

Subd. 5. PRESCRIPTION DRUG. "Prescription drug" means a drug as defined in section 151.44, paragraph (d).

Subd. 6. PURCHASER. "Purchaser" means a pharmacy as defined in section 151.01, subdivision 2, including pharmacies operated by health maintenance organizations and hospitals.

Subd. 7. SELLER. "Seller" means a person, other than a manufacturer, who sells or distributes drugs to purchasers or other sellers within the state.

Sec. 28. [16B.94] NONGOVERNMENTAL PHARMACEUTICAL CONTRACTING ALLIANCE.

Subdivision 1. ESTABLISHMENT AND ADMINISTRATION. The commissioner, in consultation with appropriate experts on pharmaceutical pricing, shall establish and administer a nongovernmental pharmaceutical contracting alliance. The nongovernmental alliance shall negotiate contracts for prescription drugs with manufacturers and sellers and shall make the contract prices negotiated available to purchasers. The commissioner shall select the prescription drugs for which price contracts are negotiated. The commissioner shall, to the greatest extent feasible, operate the alliance using the administrative and contracting procedures of the Minnesota multistate governmental contracting alliance for pharmaceuticals administered by the commissioner under the authority granted in section 471.59. The commissioner may negotiate a price differential based on volume purchasing and may also grant multiple awards.

Subd. 2. USE OF CONTRACTOR. The commissioner may contract with an individual, business entity, or other private organization to serve as a contractor to negotiate and administer the price contracts for prescription drugs. In developing requirements for the contractor, the commissioner shall consult with appropriate experts on pharmaceutical pricing.

Subd. 3. ADMINISTRATIVE COSTS. The commissioner may charge manufacturers and sellers that enter into prescription drug price contracts with the commissioner under subdivision 1 a fee to cover the commissioner's expenses in negotiating and ad-

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ministering the price contracts. The fee established shall have the force and effect of law if the requirements of section 14.386, paragraph (a), are met. Section 14.386, paragraph (b), does not apply. Fees collected by the commissioner under this subdivision must be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the commissioner to pay the costs of negotiating and administering price contracts under this section.

Subd. 4. EXPANSION TO OTHER STATES. The commissioner may expand the nongovernmental alliance to other states and make the contract prices negotiated available to non-Minnesota purchasers.

Sec. 29. [16B.95] STATE CONTRACT PRICE.

Subdivision 1. MANUFACTURER AND SELLER REQUIREMENT. A manufacturer or seller that contracts with the commissioner shall make the contract price negotiated available to all purchasers.

Subd. 2. PURCHASER REQUIREMENT. The commissioner shall require purchasers that purchase prescription drugs at the contract price to pass at least 75 percent of the savings resulting from purchases at the negotiated contract price to consumers. The commissioner may require a purchaser that plans to purchase prescription drugs at the contract price negotiated by the commissioner to submit any information regarding prescription drug purchase projections the commissioner determines is necessary for contract price negotiations.

Sec. 30. [16B.96] NONDISCRIMINATION.

A health plan company, as defined in section 62Q.01, shall not discriminate against a purchaser for taking advantage of the contract price negotiated by the commissioner.

Sec. 31. [43A.046] STAFF REDUCTIONS.

In order to maximize delivery of services to the public, if layoffs of state employees are necessary, each agency with more than 50 full-time equivalent employees must reduce at least the same percentage of management and supervisory personnel as line and support personnel.

Sec. 32. [43A.047] CONTRACTED SERVICES.

(a) Executive agencies, including the Minnesota state colleges and universities system, must demonstrate that they cannot use available staff before hiring outside consultants or services. If use of consultants is necessary, agencies are encouraged to negotiate contracts that will involve permanent staff, so as to upgrade and maximize training of state employees.

(b) If agencies reduce operating budgets, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.

(c) Agencies must report to senate finance and house ways and means committees by August 1 each year on implementation of this section during the previous fiscal year. The reports must include amounts spent on professional and technical service contracts during the previous fiscal year.

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

Sec. 33. Minnesota Statutes 1996, section 43A.17, subdivision 4, is amended to read:

Subd. 4. **MEDICAL SPECIALISTS.** (a) The commissioner may without regard to subdivision 1 establish special salary rates and plans of compensation designed to attract and retain exceptionally qualified doctors of medicine. These rates and plans shall be included in the commissioner's plan. In establishing salary rates and eligibility for nomination for payment at special rates, the commissioner shall consider the standards of eligibility established by national medical specialty boards where appropriate. The incumbents assigned to these special ranges shall be excluded from the collective bargaining process.

(b) The commissioner may without regard to subdivision 1, but subject to collective bargaining agreements or compensation plans, establish special salary rates designed to attract and retain exceptionally qualified information systems staff.

Sec. 34. Minnesota Statutes 1996, section 43A.38, subdivision 4, is amended to read:

Subd. 4. **USE OF STATE PROPERTY.** (a) An employee shall not use or allow the use of state time, supplies or state-owned or leased property and equipment for the employee's private interests or any other use not in the interest of the state, except as provided by law.

(b) An employee may use state time, property, or equipment to communicate electronically with other persons including, but not limited to, elected officials, the employer, or an exclusive bargaining representative under chapter 179A, provided this use, including the value of the time spent, results in no incremental cost to the state or results in an incremental cost that is so small as to make accounting for it unreasonable or administratively impracticable.

(c) The commissioners of administration and employee relations shall issue a state-wide policy on the use of electronic mail and other forms of electronic communications by executive branch state employees. The policy is not subject to the provisions of chapter 14 or 179A. Appointing authorities in the legislative and judicial branches shall issue policies on these issues for their employees. The policies shall permit state employees to make reasonable use of state time, property, and equipment for personal communications and shall address issues of privacy, content of communications, and the definition of reasonable use as well as other issues the commissioners and appointing authorities identify as necessary and relevant.

Sec. 35. **[62J.685] PRESCRIPTION DRUG PRICE DISCLOSURE.**

By January 1, 1998, and annually thereafter, a health plan company or hospital licensed under chapter 144 must submit to the attorney general the total amount of: (1) aggregate purchases of prescription drugs, and (2) discount, rebate or other payment received during the previous calendar year for aggregate purchases of prescription drugs, including any fee associated with education, data collection, research, training or market share movement received from a manufacturer as defined under section 151.44, paragraph (c), or wholesale drug distributor as defined under section 151.44, paragraph (d). The identification of individual manufacturers or wholesalers or specific drugs is not required. The attorney general shall make this information available to the public through the information clearinghouse under section 62J.2930.

New language is indicated by underline, deletions by strikeout.

Sec. 36. Minnesota Statutes 1996, section 116P.05, subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** (a) A legislative commission on Minnesota resources of ~~16~~ 20 members is created, consisting of the chairs of the house and senate committees on environment and natural resources or designees appointed for the terms of the chairs, the chairs of the house and senate committees on environment and natural resources ~~finance or designees appointed for the terms of the chairs,~~ the chairs of the house ways and means and senate finance committees or designees appointed for the terms of the chairs, ~~six~~ seven members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and ~~six~~ seven members of the house appointed by the speaker.

At least ~~two~~ three members from the senate and ~~two~~ three members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

(b) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(c) Members shall serve on the commission until their successors are appointed.

(d) Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

Sec. 37. Minnesota Statutes 1996, section 138.31, is amended by adding a subdivision to read:

Subd. 14. "Qualified professional archaeologist" means an archaeologist who meets the United States Secretary of the Interior's professional qualification standards in Code of Federal Regulations, title 36, part 61, appendix A, or subsequent revisions.

Sec. 38. Minnesota Statutes 1996, section 138.35, is amended to read:

138.35 STATE ARCHAEOLOGIST.

Subdivision 1. **APPOINTMENT.** The state archaeologist shall be a qualified professional archaeologist who meets the United States Secretary of the Interior's professional qualification standards in Code of Federal Regulations, title 36, part 61, appendix A. ~~The state archaeologist shall be paid a salary in the range of salaries paid to comparable state employees in the classified service. The state archaeologist may not be employed by the Minnesota historical society. The state archaeologist shall be appointed by the board executive council of the Minnesota historical society in consultation with the Indian affairs council for a four-year term, to perform the duties in sections 138.31 to 138.42. The position is in the unclassified service in the executive branch and is subject to chapter 43A but not chapter 179A. The compensation and terms and conditions of employment are as provided by section 43A.18, subdivision 3. The state archaeologist's salary shall be established by the commissioner of employee relations within a range established by the commissioner of employee relations.~~

Subd. 1a. ADMINISTRATIVE SUPPORT; STAFF. The commissioner of administration shall provide the state archaeologist with necessary administrative services.

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State agencies shall provide the state archaeologist upon request with advisory staff services on matters relating to the duties and jurisdiction of the state archaeologist. The state archaeologist shall hire staff and maintain offices as necessary to perform the duties in sections 138.31 to 138.42. Staff shall serve in the unclassified service and be governed by section 43A.18, subdivision 2.

Subd. 1b. **CONTRACTS; VOLUNTEERS; GRANTS AND GIFTS.** The state archaeologist may contract with the federal government, local governmental units, other states, the university and other educational institutions, and private persons or organizations as necessary in the performance of the duties in sections 138.31 to 138.42. Contracts made under this section for professional services shall not be subject to chapter 16B, as it relates to competitive bidding. The state archaeologist may recruit, train, and accept, without regard to personnel laws or rules, the services of individuals as volunteers for or in aid of performance of the state archaeologist's duties, and may provide for the incidental expenses of volunteers, such as transportation, lodging, and subsistence. The state archaeologist may apply for, receive, and expend grants and gifts of money consistent with the powers and duties in sections 138.31 to 138.42. Any money so received is appropriated for the purpose for which it was granted.

Subd. 2. **DUTIES OF STATE ARCHAEOLOGIST.** The duties of the state archaeologist shall include the following:

(a) to sponsor, engage in, and direct fundamental research into the archaeology of this state and to encourage and coordinate archaeological research and investigation undertaken within the state;

(b) to cooperate with other agencies of the state which may have authority in areas where state sites are located, or which may have the responsibility for marking state sites, or arranging for their being viewed by the public;

(c) to protect to the extent possible and to encourage the preservation of archaeological sites located on privately owned property;

(d) to retrieve and protect objects of archaeological significance discovered by field archaeology on state sites or discovered during the course of any public construction or demolition work; and, to the extent possible, those discovered during the course of any other construction or demolition work;

(e) to obtain for the state other objects of archaeological significance, and data relating thereto;

(f) to cooperate with the historical society, the university, and other custodians to preserve objects of archaeological significance, together with the data relating thereto;

(g) to disseminate archaeological facts through the publication of reports of archaeological research conducted within the state;

(h) to approve licensing of qualified persons professional archaeologists to engage in field archaeology on state sites, as provided in section 138.36; and

(i) to otherwise carry out and enforce sections 138.31 to 138.42.

Subd. 3. **EMPLOYMENT OF PERSONNEL.** The state archaeologist may employ personnel to assist in carrying out the state archaeologist's duties and may spend state appropriations to compensate such personnel.

New language is indicated by underline, deletions by strikeout.

Sec. 39. Minnesota Statutes 1996, section 138.91, is amended by adding a subdivision to read:

Subd. 4. SALARY SUPPLEMENT. The Minnesota humanities commission is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance shall determine the amount of the salary supplement based on available appropriations. Employees of the commission shall be paid in accordance with the appropriate pay plan.

Sec. 40. Minnesota Statutes 1996, section 151.21, is amended by adding a subdivision to read:

Subd. 4a. A pharmacy must post a sign in a conspicuous location and in a typeface easily seen at the counter where prescriptions are dispensed stating: "In order to save you money, this pharmacy will substitute whenever possible an FDA-approved, less expensive, generic drug product, which is therapeutically equivalent to and safely interchangeable with the one prescribed by your doctor, unless you object to this substitution.

Sec. 41. Minnesota Statutes 1996, section 176.611, is amended by adding a subdivision to read:

Subd. 2a. SETTLEMENT AND CONTINGENCY RESERVE ACCOUNT. To reduce long-term costs, minimize impairment to agency operations and budgets, and distribute risk of one-time catastrophic claims, the commissioner of employee relations shall maintain a separate account within the state compensation revolving fund. The account shall be used to pay for lump-sum or annuitized settlements, structured claim settlements, and one-time large, legal, catastrophic medical, indemnity, or other irregular claim costs that might otherwise pose a significant burden for agencies. The commissioner of employee relations, with the approval of the commissioner of finance, may establish criteria and procedures for payment from the account on an agency's behalf. The commissioner of employee relations may assess agencies on a reimbursement or premium basis from time-to-time to ensure adequate account reserves. The account consists of appropriations from the general fund, receipts from billings to agencies, and credited investment gains or losses attributable to balances in the account. The state board of investment shall invest the assets of the account according to section 11A.24.

Sec. 42. [197.79] VETERANS' BONUS PROGRAM.

Subdivision 1. DEFINITIONS. For purposes of this section, the following terms have the meanings given them.

(a) "Applicant" means a veteran or a veteran's guardian, conservator, or personal representative or a beneficiary or a beneficiary's guardian, conservator, or personal representative who has filed an application with the commissioner for a bonus under this section.

(b) "Application" means a request for a bonus payment by a veteran, a veteran's beneficiary, or a veteran's guardian, conservator, or personal representative through submission of written information on a form designed by the commissioner for this purpose.

(c) "Beneficiary" means in relation to a deceased veteran and in the order named:

(1) the surviving spouse, if not remarried;

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(2) the children of the veteran, if there is no surviving spouse or the surviving spouse has remarried;

(3) the veteran's surviving parent or parents;

(4) the veteran's surviving sibling or siblings; or

(5) the veteran's estate.

(d) "Commissioner" means the commissioner of the department of veterans affairs.

(e) "Department" means the department of veterans affairs.

(f) "Eligibility period for the bonus" means the period from August 2, 1990, to July 31, 1991.

(g) "Guardian" or "conservator" means the legally appointed representative of a minor beneficiary or incompetent veteran, the chief officer of a hospital or institution in which the incompetent veteran is placed if the officer is authorized to accept money for the benefit of the minor or incompetent, the person determined by the commissioner to be the person who is legally charged with the responsibility for the care of the minor beneficiary or incompetent veteran, or the person determined by the commissioner to be the person who has assumed the responsibility for the care of the minor beneficiary or incompetent veteran.

(h) "Honorable service" means honorable service in the United States armed forces, as evidenced by:

(1) an honorable discharge;

(2) a general discharge under honorable conditions;

(3) in the case of an officer, a certificate of honorable service; or

(4) in the case of an applicant who is currently serving in active duty in the United States armed forces, a certificate from an appropriate service authority that the applicant's service to date has been honorable.

(i) "Resident veteran" means a veteran who served in active duty in the United States armed forces at any time during the eligibility period for the bonus, and who also:

(1) has been separated or discharged from the United States armed forces, and whose home of record at the time of entry into active duty in the United States armed forces, as indicated on the person's form DD-214, is the state of Minnesota; or

(2) is currently serving in the United States armed forces, and has a certificate from an appropriate service authority stating that the person: (i) served in active duty in the United States armed forces at any time during the eligibility period for the bonus; and (ii) had Minnesota as the home of record at the time of entry into active duty in the United States armed forces.

(j) "Service connected" means caused by an injury or disease incurred or aggravated while on active duty, as determined by the United States department of veterans affairs.

(k) "Veteran" has the meaning given in section 197.447, and also includes:

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(1) a person who is providing honorable service on active duty in the United States armed forces and has not been separated or discharged; or

(2) a member of a reserve component of the armed forces of the United States, including the national guard, who was ordered to active duty under United States Code, title 10, section 673b, during the eligibility period for the bonus and who was deployed to a duty station outside the state of Minnesota, as verified by the appropriate service authority. An applicant's DD-214 form showing award of the Southwest Asia service medal during the eligibility period for the bonus will suffice as verification.

"Veteran" does not include a member of the national guard or the reserve components of the United States armed forces ordered to active duty for the sole purpose of training.

Subd. 2. BONUS AMOUNT. (a) For a resident veteran who provided honorable service in the United States armed forces at any time during the eligibility period for the bonus, the bonus amount is:

(1) \$300, if the veteran did not receive the Southwest Asia service medal during the eligibility period for the bonus;

(2) \$600, if the veteran received the Southwest Asia service medal during the eligibility period for the bonus; or

(3) \$2,000, if the veteran was eligible for the Southwest Asia service medal during the eligibility period for the bonus, and died during that time period as a direct result of a service connected injury, disease, or condition.

(b) In the case of a deceased veteran, the commissioner shall pay the bonus to the veteran's beneficiary.

(c) No payment may be made to a veteran or beneficiary who has received a similar bonus payment from another state.

Subd. 3. APPLICATION PROCESS. A veteran, or the beneficiary of a veteran, entitled to a bonus may make application for a bonus to the department on a form prescribed by the commissioner and verified by the applicant. If the veteran is incompetent or the veteran's beneficiary is a minor or incompetent, the application must be made by the person's guardian or conservator. An application must be accompanied by evidence of residency, honorable service, active duty service during the eligibility period for the bonus, and any other information the commissioner requires. The applicant must indicate on the application form the bonus amount for which the applicant expects to be eligible.

If the information provided in the application is incomplete, the department must notify the applicant in writing of that fact and must identify the items of information needed to make a determination. After notifying an applicant that the person's application is incomplete, the department shall hold the application open while awaiting further information from the applicant, and the applicant may submit that information without filing an appeal and request for review.

Subd. 4. BONUS DETERMINATION, APPEAL PROCESS, AND PAYMENT. (a) Except as provided in paragraphs (b) to (d), the commissioner may not make a bonus payment to any applicant.

New language is indicated by underline, deletions by strikeout.

(b) Upon submission of proof to the department that an applicant is entitled to payment under this section, the department shall determine the amount of the bonus for which the applicant is eligible. If the department's determination of the bonus amount is in agreement with, or is greater than, the amount requested by the applicant in the application, the commissioner shall pay to the applicant the bonus amount, as determined by the department.

(c) If the department determines that the bonus amount for an applicant is less than the amount requested in the application, the department shall notify the applicant in writing of its determination, and include with that notification a form that the applicant may use to accept the department's determination and thereby waive the right to review of that determination. A filing by the applicant of the acceptance and waiver form with the department constitutes a waiver by the applicant of the right to review. Upon receipt of such acceptance and waiver from the applicant, the department shall pay to the applicant the bonus amount, as determined by the department. Unless an appeal is filed with the commissioner by an applicant in accordance with paragraph (d), all orders, decisions, and acts of the department with reference to the claim of the applicant are final and conclusive upon the applicant.

(d) Upon notification that the department's determination of the bonus amount is less than the bonus amount requested by the applicant in the application, the applicant may appeal the department's determination and request a review by the commissioner. The appeal and request for review must be made in writing within 60 days of the department's mailing of its determination. Following receipt by the department of an applicant's appeal and request for review by the commissioner, no payment shall be made by the department to the applicant until the review has been completed. For such review, the applicant may submit additional information to supplement the information provided in the application, and may request that the review be conducted either: (1) through written correspondence; or (2) in person with the commissioner. The commissioner shall act upon an appeal and request for review within seven working days of its receipt by the department. Following review by the commissioner of the application and any additional information submitted or presented by the applicant, the commissioner's determination is final. Any expenses incurred by the applicant as the result of the applicant's appeal and request for review are the obligation of the applicant.

Subd. 5. **NOTICES.** Notices and correspondence to an applicant must be directed to the applicant by mail at the address listed in the application. Notices and correspondence to the commissioner must be addressed to the commissioner's office in St. Paul.

Subd. 6. **POWERS AND DUTIES OF THE COMMISSIONER.** (a) The commissioner shall determine who is the beneficiary of a deceased veteran and determine who is the person who has assumed the responsibility for the care of any minor or incompetent.

(b) The commissioner may employ persons and may incur other expenses necessary to administer this section.

Subd. 7. **TAX EXEMPT GIFTS.** The bonus payments provided for by this section are gifts or gratuities given as a token of appreciation to eligible veterans and are not compensation for services rendered. The payments are exempt from state taxation.

New language is indicated by underline, deletions by strikeout.

Subd. 8. NONASSIGNABLE; EXCEPTED FROM PROCESS. A claim for payment under this section is not assignable or subject to garnishment, attachment, or levy of execution.

Subd. 9. PENALTIES. A person who knowingly makes a false statement relating to a material fact in support of a claim for a bonus under this section is guilty of a misdemeanor.

Subd. 10. DEADLINE FOR APPLICATIONS. The application period for the bonus program established in this section shall be November 1, 1997, to June 30, 1999. The department may not receive or accept new applications after June 30, 1999.

Sec. 43. Minnesota Statutes 1996, section 327.33, subdivision 2, is amended to read:

Subd. 2. FEES. The commissioner shall by rule establish reasonable fees for seals, installation seals and inspections which are sufficient to cover all costs incurred in the administration of sections 327.31 to 327.35. The commissioner shall also establish by rule a monitoring inspection fee in an amount that will comply with the secretary's fee distribution program. This monitoring inspection fee shall be an amount paid by the manufacturer for each manufactured home produced in Minnesota. The monitoring inspection fee shall be paid by the manufacturer to the secretary. The rules of the fee distribution program require the secretary to distribute the fees collected from all manufactured home manufacturers among states approved and conditionally approved based on the number of new manufactured homes whose first location after leaving the manufacturer is on the premises of a distributor, dealer or purchaser in that state. All fees received money collected by the commissioner shall be deposited in the state treasury and credited to the general fund through fees prescribed by sections 327.31 to 327.36 shall be deposited in the state government special revenue fund and is appropriated to the commissioner for the purpose of administering and enforcing the manufactured home building code under sections 327.31 to 327.36.

Sec. 44. Minnesota Statutes 1996, section 327B.04, subdivision 7, is amended to read:

Subd. 7. FEES; LICENSES; WHEN GRANTED. Each application for a license or license renewal must be accompanied by a fee in an amount established by the commissioner by rule pursuant to section 327B.10, ~~which shall be paid into the state treasury and credited to the general fund.~~ The fees shall be set in an amount which over the fiscal biennium will produce revenues approximately equal to the expenses which the commissioner expects to incur during that fiscal biennium while administering and enforcing sections 327B.01 to 327B.12. All money collected by the commissioner through fees prescribed in sections 327B.01 to 327B.12 shall be deposited in the state government special revenue fund and is appropriated to the commissioner for purposes of administering and enforcing the provisions of this chapter. The commissioner shall grant or deny a license application or a renewal application within 60 days of its filing. If the license is granted, the commissioner shall license the applicant as a dealer or manufacturer for the remainder of the calendar year. Upon application by the licensee, the commissioner shall renew the license for a two year period, if:

- (a) the renewal application satisfies the requirements of subdivisions 3 and 4;
- (b) the renewal applicant has made all listings, registrations, notices and reports required by the commissioner during the preceding year; and

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(c) the renewal applicant has paid all fees owed pursuant to sections 327B.01 to 327B.12 and all taxes, arrearages, and penalties owed to the state.

Sec. 45. Minnesota Statutes 1996, section 349.163, subdivision 4, is amended to read:

Subd. 4. **INSPECTION OF MANUFACTURERS.** Employees of the board and the division of gambling enforcement may inspect the books, records, inventory, and business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer. The board may charge a manufacturer for the actual cost of conducting scheduled or unscheduled inspections of the manufacturer's facilities, where the amount charged to the manufacturer for such inspections in any year does not exceed \$7,500. The board shall deposit in a separate account in the state treasury all money received as reimbursement for the costs of inspections. Until July 1, 1999, money in the account is appropriated to the board to pay the costs of the inspections.

Sec. 46. Minnesota Statutes 1996, section 356.865, subdivision 3, is amended to read:

Subd. 3. **COST STATE APPROPRIATION.** ~~The cost of the payments made under this section is the responsibility of the state. Payments under this section are the responsibility of the Minneapolis employees retirement fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually \$550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision plus investment earnings on the aid shall be included by the retirement fund board and the actuary retained by the legislative commission on pensions and retirement in determining financial requirements of the fund and contributions under section 422A.101.~~

Sec. 47. Minnesota Statutes 1996, section 363.073, subdivision 1, is amended to read:

Subdivision 1. **SCOPE OF APPLICATION.** No department or agency of the state shall accept any bid or proposal for a contract or agreement or execute any contract or agreement for goods or services in excess of \$50,000 with any business having more than 20 full-time employees, either within or outside this state, on a single working day during the previous 12 months, unless the firm or business has an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the commissioner of human rights. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of two years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the disabled and submit the plan to the commissioner of human rights.

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Sec. 48. Minnesota Statutes 1996, section 422A.101, subdivision 3, is amended to read:

Subd. 3. **STATE CONTRIBUTIONS.** (a) Subject to the limitation set forth in paragraph (c), the state shall pay to the Minneapolis employees retirement fund annually an amount equal to the amount calculated under paragraph (b).

(b) The payment amount is an amount equal to the financial requirements of the Minneapolis employees retirement fund reported in the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee contributions required pursuant to section 422A.10, and the amount of employer contributions required pursuant to subdivisions 1a, 2, and 2a. Payments shall be made in four equal installments, occurring on March 15, July 15, September 15, and November 15 annually.

(c) The annual state contribution under this subdivision may not exceed \$10,455,000 through fiscal year 1998 and \$9,000,000 beginning in fiscal year 1999, plus the cost of the annual supplemental benefit determined under section 356.865.

~~(b)~~ (d) If the amount determined under paragraph (a) (b) exceeds the limitation on the state payment in paragraph (a) \$11,910,000, the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained by the legislative commission on pensions and retirement compared to the total unfunded actuarial accrued liability attributed to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (a) (b).

Sec. 49. **[465.803] REPAYMENT OF GRANTS.**

Subdivision 1. **REPAYMENT PROCEDURES.** Without regard to whether a grant recipient offered to repay the grant in its original application, as part of a grant awarded under section 465.798, 465.799, or 465.801, the board may require the grant recipient to repay all or part of the grant if the board determines the project funded by the grant resulted in an actual savings for the participating local units of government. The grant agreement must specify how the savings are to be determined and the period of time over which the savings will be used to calculate a repayment requirement. The repayment of grant money under this section may not exceed an amount equal to the total savings achieved through the implementation of the project multiplied by the total amount of the grant divided by the total budget for the project and may not exceed the total amount of the original grant.

Subd. 2. **BONUS POINTS.** In addition to the points awarded to competitive grant applications under section 465.802, the board shall award additional points to any applicant that projects a potential cost savings through the implementation of its project and offers to repay the grant money under the formula in subdivision 1.

Subd. 3. **USE OF REPAYMENT REVENUE.** All grant money repaid to the board under this section is appropriated to the board for additional grants authorized by sections 465.798, 465.799, and 465.801.

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Sec. 50. Minnesota Statutes 1996, section 475A.06, subdivision 7, is amended to read:

Subd. 7. **AUTHORITY FOR BONDS; LIMIT; APPROPRIATION PURPOSE; PROCEDURAL SOURCES.** The commissioner of finance is authorized to sell and issue Minnesota state municipal aid bonds in an aggregate principal amount not to exceed \$4,330,000 \$1,192,295, the proceeds of which, except as provided in subdivision 1, are appropriated to the state municipal bond guaranty fund for the purpose of providing funds to be loaned to municipalities for the acquisition and betterment of public lands and buildings and other public improvements of a capital nature, when needed to pay the principal of or interest on bonds issued for this purpose or bonds issued to refund such guaranteed bonds, in accordance with the provisions of sections 475A.01 to 475A.06. The bonds shall be sold, issued, and secured as provided in subdivisions 1 to 6 and in Article XI, Section 7 of the Constitution.

Sec. 51. **TEEN COURT PROGRAM.**

Subdivision 1. **DEFINITIONS.** For purposes of this section, the following terms have the meanings given.

(a) "Minor offense" means:

(1) a juvenile petty offense;

(2) a petty misdemeanor; or

(3) any misdemeanor, other than a misdemeanor-level violation of Minnesota Statutes, section 588.20 (contempt of court), 609.224 (fifth degree assault), 609.2242 (domestic assault), 609.324 (prostitution and related crimes), 609.563 (arson in the third degree), 609.576 (negligent fires, dangerous smoking), 609.66 (dangerous weapons), or 617.23 (indecent exposure), a major traffic offense, or an adult traffic offense, as defined in Minnesota Statutes, section 260.193.

(b) "Teen" means an individual who is at least 10 years old but less than 18 years old.

(c) "Teen court" and "teen court program" mean an alternative procedure under which a local law enforcement agency, county attorney, school, or probation agency may divert from the juvenile court system a teen who allegedly has committed a minor offense, on condition that the teen voluntarily appear before and receive a disposition from a jury of the teen's peers and successfully complete the terms and conditions of the disposition. These programs also may be used by a school as an alternative to formal school disciplinary proceedings.

Subd. 2. **SUPREME COURT RULES.** The supreme court is requested to adopt rules and procedures to govern the teen court program that are consistent with this section.

Subd. 3. **APPLICATION TO ESTABLISH TEEN COURT.** (a) Any group of two or more adult sponsors may apply to the office of strategic and long-range planning to establish a teen court. These sponsors must be affiliated with an agency, entity, or other organized program or group.

(b) An application to establish a teen court must include:

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(1) the names, addresses, and telephone numbers of two or more adult sponsors and a description of the entity, agency, or other organized program or group with which the adult sponsors are affiliated;

(2) the names, addresses, and telephone numbers of all teens who have signed letters of commitment to participate voluntarily as teen court members in the teen court program;

(3) a certification from the adult sponsors that adequate adult sponsorship exists and that there are a sufficient number of teen volunteers to make the functioning of the teen court feasible and meaningful; and

(4) a letter of support from the judicial district court administrator agreeing to help the teen court track the recidivism rates of teen court participants.

Subd. 4. REFERRAL TO TEEN COURT PROGRAM. Once the teen court program has been established, it may receive referrals for eligible teens from local law enforcement, county attorneys, school officials, and probation agencies. The process of referral is to be established by the individual teen court program, in coordination with other established teen court programs in the judicial district.

Subd. 5. FEE. The teen court program may require a teen to pay a nonrefundable fee to cover the costs of administering the program. This fee must be reduced or waived for a participant who does not have the ability to pay the fee.

Subd. 6. TEEN COURT PROGRAM COMPONENTS. (a) Before a teen participates in the teen court program, a teen court sponsor or the referring source must:

(1) contact the victim, if any, of the offense, or make a good faith attempt to contact the victim, if any, and the victim must be advised that the victim may participate in the teen court proceedings; and

(2) at least seven days before the teen participates in the program, provide to the county attorney of the teen's residence the teen's name, date of birth, and residential address and a description of the offense.

(b) Before a teen court disposes of a case, it must establish a range of dispositional alternatives for offenses that is appropriate to the teen court's community. These dispositions may include the following:

(1) community service;

(2) mandatory participation in appropriate counseling, appropriate treatment, law-related educational classes, or other educational programs;

(3) a requirement that the teen defendant participate as a juror in future proceedings before the teen court;

(4) restitution, where appropriate; and

(5) a fine, not to exceed the amount permitted in Minnesota Statutes, section 260.195. The fine permitted in Minnesota Statutes, section 260.185, may only be imposed for misdemeanor level offenses.

The teen court does not have the power to place a teen outside the home.

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(c) Except as provided in paragraph (d), the teen court program may be used only where:

(1) the teen acknowledges responsibility for the offense;

(2) the teen voluntarily agrees to participate in the teen court program;

(3) the judge of the teen court is a judge or an attorney admitted to practice law in this state;

(4) the teen's parent or legal guardian accompanies the teen in all teen court proceedings;

(5) the county attorney does not notify the teen court before the teen's participation that the offense will be handled in juvenile court or in a pretrial diversion program established under Minnesota Statutes, section 388.24; and

(6) the teen court program has established a training component for teen and adult volunteers.

(d) When a teen court operates as an alternative to a school disciplinary policy, the teen's parent or legal guardian must be notified of the teen's involvement in the program, according to the school district's disciplinary policy. The teen's parent or legal guardian does not need to accompany the teen in teen court proceedings.

(e) The teen court shall notify the referring source as soon as possible upon discovery that the teen has failed to comply with any part of the disposition imposed under paragraph (b). Either juvenile court proceedings or formal school disciplinary proceedings, where applicable, or both, may be commenced against a teen who fails to comply with the disposition under paragraph (b).

Subd. 7. EVALUATION AND REPORTS. (a) The results of all proceedings in teen court must be reported to the office of strategic and long-range planning on a form provided by that office. The teen court must submit the report no later than July 15 for all activity during the first six months of the calendar year and by January 15 for all activity during the last six months of the preceding calendar year. A copy of this report also must be provided to the county attorney of the county in which the teen court operates. Each report must include the following:

(1) the number of cases handled by the teen court, including a breakdown of the number of cases from each referring agency;

(2) a list of the offenses for which the teen court imposed a disposition, including a breakdown showing the number of teen court participants committing each type of offense;

(3) a list of the dispositions imposed by the teen court, including a breakdown showing the number of times each particular disposition was imposed; and

(4) information on the cases that were referred back to the referring agency under subdivision 6, paragraph (c).

(b) Each teen court shall report to the office of strategic and long-range planning by June 30 each year on its progress in achieving outcome measures and indicators. This report must include an analysis of recidivism rates for teen court participants, based upon

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a method for measuring these rates as determined by the office of strategic and long-range planning.

(c) The office of strategic and long-range planning shall assist teen court programs in developing outcome measures and indicators. These outcome measures and indicators must be established before any teen court begins to impose dispositions and must allow for both evaluation of each teen court program and for statewide evaluation of the teen court program.

Subd. 8. ADMINISTRATION. The office of strategic and long-range planning has authority to administer funds to teen court programs that comply with this section and the supreme court rules adopted under this section. The office of strategic and long-range planning may receive and administer public and private funds for the purpose of this section.

Sec. 52. YOUTH SPORTS PROGRAMS; CRITERIA.

The Minnesota amateur sports commission shall develop a plan to promote recreational programs for youth. The proposals must be for programs for which there is a demonstrated shortage of access, based on needs of youth. The plan must be based on the criteria in this section.

(a) The programs must be intended primarily for use for youth sports in the entire community and not for school athletic functions.

(b) Programs must emphasize access for low-income youth and for other youth who would not otherwise have access to the programs.

(c) Proposals must contain a plan to ensure equitable use for youth of each gender.

(d) To the extent possible, program grants must be dispersed equitably, must be located to maximize potential for full utilization, and must accommodate noncompetitive family and community use for all ages in addition to use for competitive youth sports.

(e) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

Sec. 53. ADVISORY COUNCIL ON ECONOMIC FUTURE.

(a) The director of the office of strategic and long-range planning shall convene an advisory council on Minnesota's economic future to:

(1) agree on a set of strategic goals to guide the state's development through the year 2010;

(2) develop a set of indicators to measure progress toward those goals; and

(3) develop a mechanism to renew and update strategies and goals on an ongoing basis and monitor and report results to the people of this state.

(b) The advisory council shall consist of 13 members. Ten legislators shall be appointed as follows: three by the speaker of the house of representatives, two by the minority leader of the house of representatives, and five by the subcommittee on committees of the committee on rules and administration of the senate, two of whom must be members of the minority party or an independent. The other three members are the director of stra-

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tegic and long-range planning, the commissioner of finance, and the commissioner of trade and economic development. The governor may designate other commissioners or agency heads to serve as nonvoting members. The speaker of the house and the subcommittee on committees of the senate may appoint additional legislators to serve as nonvoting members. The advisory council may consult with knowledgeable persons from the public and private sectors.

(c) The advisory council shall report its findings and recommendations to the legislature by February 15, 1998. The advisory council expires upon submission of its report.

Sec. 54. **ADVISORY COUNCIL ON LOCAL GOVERNMENT.**

Subdivision 1. **ESTABLISHED.** An advisory council on the roles and responsibilities of local governments is established.

Subd. 2. **DUTIES.** The advisory council shall study and make recommendations to the legislature by July 1, 1998, on the appropriate roles and responsibilities of local and regional government in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. The advisory council shall examine:

(1) what services should be provided and what functions fulfilled by local or regional government;

(2) what level of government is appropriate for the efficient, effective, and equitable delivery of these services and functions;

(3) what powers are needed by local and regional government to deliver the services; and

(4) what governance structures will meet the identified roles and responsibilities of local and regional government and be responsive to, understandable by, and accountable to citizens.

The advisory council may consider alternatives to the existing governance structures in order to fulfill the requirements of this section.

Subd. 3. **MEMBERSHIP.** The advisory council consists of 25 members, who serve at the pleasure of the appointing authority, as follows:

(1) four representatives of cities, appointed by the association of metropolitan municipalities;

(2) two representatives of towns, appointed by the Minnesota association of townships;

(3) four representatives of counties, appointed by the association of Minnesota counties;

(4) two representatives of school districts, appointed by the Minnesota school boards association;

(5) eight legislators; four house members, of whom two are members of the majority caucus appointed by the speaker of the house of representatives and two are members of the minority caucus appointed by the house minority leader; and four senate members, of whom two are members of the majority caucus and two are members of the minority cau-

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cus, appointed by the subcommittee on committees of the committee on rules and administration;

(6) the chair of the metropolitan council, or the chair's designee; and

(7) four public members, appointed by the governor.

Members must be appointed as soon as practicable after the effective date of this section.

Subd. 4. FIRST MEETING; SELECTION OF A CHAIR. A member appointed by the association of metropolitan municipalities shall be selected by the association to convene the first meeting of the advisory council. At the first meeting, the advisory council shall select a member to serve as chair.

Subd. 5. ADMINISTRATIVE; STAFF ASSISTANCE. The office of strategic and long-range planning shall provide administrative and staff assistance to the advisory council.

Subd. 6. EXPIRATION. The advisory council established under subdivision 1 expires June 30, 1999.

Sec. 55. CORPORATE SUBSIDY REFORM COMMISSION.

Subdivision 1. ESTABLISHMENT. (a) A bipartisan corporate subsidy reform commission is created.

(b) The commission shall evaluate selected subsidy programs and tax laws for the following:

(1) public purpose; including jobs, wages, and other economic development benefits;

(2) criterion for award; and

(3) accountability and enforcement mechanisms used to facilitate the achievement of the public purpose.

(c) The commission shall examine whether these subsidy programs or tax laws impede competition or provide preferential treatment to private enterprises.

Subd. 2. SCOPE. The commission shall review subsidy programs and tax laws including:

(1) tax expenditures and other tax concessions;

(2) direct spending and loans;

(3) public spending that indirectly affects the economic development of the region;
and

(4) regulation of private activity for the purpose of economic development.

Subd. 3. REPORT. The commission shall submit a report to the legislature by December 15, 1997. Included within the report, the commission may suggest changes in the public purpose, criterion for award, administration, accountability and enforcement mechanisms, and funding of the subsidy programs. The commission may also suggest changes in the applicable tax laws.

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Subd. 4. **MEMBERSHIP.** The commission consists of 19 members. The speaker of the house shall appoint five members, including at least two members of the minority caucus. The senate subcommittee on committees shall appoint five members, including at least two members of the minority caucus. The commissioner of trade and economic development and the commissioner of revenue shall each appoint one member from their respective departments. These members shall appoint seven members from the general public, of which at most two members directly receive some type of public assistance described in subdivision 2.

Subd. 5. **STAFF ASSISTANCE.** House and senate employees must staff the commission.

Subd. 6. **NOTIFICATION.** In accordance with Minnesota Statutes, section 471.705, the public may attend any meeting held by the commission.

Subd. 7. **EXPIRATION.** The commission established under subdivision 1 expires July 1, 1998.

Sec. 56. **INFORMATION POLICY TASK FORCE.**

Subdivision 1. **CREATION.** An information policy task force is created to study and make recommendations regarding Minnesota law on public information policy, including government data practices and information technology issues. The task force consists of:

- (1) two members of the senate appointed by the subcommittees on committees of the committee on rules and administration;
- (2) two members of the house of representatives appointed by the speaker;
- (3) four members appointed by the governor;
- (4) two nonlegislative members appointed by the subcommittee on committees of the committee on rules and administration of the senate; and
- (5) two nonlegislative members appointed by the speaker of the house of representatives.

At least one member from each legislative body must be a member of the majority party and at least one member from each body must be a member of the minority party or an independent.

Subd. 2. **DUTIES; REPORT.** The task force shall study:

- (1) the content and organization of government data practices statutes in Minnesota Statutes, chapter 13, and related statutes dealing with access to government data, fair information practices, and privacy;
- (2) issues related to surveillance and other forms of information technology, including the impact of technology on data practices and privacy;
- (3) procedures and structures for developing and implementing a coherent and coordinated approach to public information policy;
- (4) approaches to information policy in other states and foreign jurisdictions; and

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(5) other information policy issues identified by the task force.

In its study of statutes under clause (1), the task force shall include an evaluation to determine whether any statutes are inconsistent or obsolete.

The task force shall submit a progress report to the legislature by February 1, 1998, and a final report of its findings and recommendations, including any proposed legislation, to the legislature by January 15, 1999.

Subd. 3. **SUPPORT.** The commissioner of administration and the director of the office of strategic and long-range planning shall provide staff and other support services to the task force. Legislative support to the task force must come from existing resources. The executive director of the Minnesota office of technology or the executive director's designee shall assist in the task force's activities.

Subd. 4. **COMPENSATION.** When authorized by the task force, members of the task force who are not legislators or full-time employees of the state or a political subdivision shall be compensated at the rate of \$55 a day spent on task force activities, plus expenses in the same manner and amount as authorized by the commissioner's plan adopted under Minnesota Statutes, section 43A.18, subdivision 2, and child care expenses that would not have been incurred if the member had not attended the task force meeting. A member who is a full-time employee of the state or a political subdivision may not receive the daily payment, but may suffer no loss in compensation or benefits from the state or the political subdivision as a result of service on the task force. A member who is a full-time employee of the state or a political subdivision may receive the expenses provided for in this subdivision unless the expenses are reimbursed by another source. A member who is an employee of the state or a political subdivision may be reimbursed for child care expenses only for time spent on task force activities that are outside their normal working hours.

Subd. 5. **EXPIRATION.** The task force expires upon submission of its final report to the legislature under subdivision 2.

Sec. 57. STUDY OF SCHOOL FUND LAND MANAGEMENT.

If directed by the legislative audit commission, the legislative auditor shall conduct the studies in this section. The legislative auditor shall conduct a study to determine whether the administrative costs expended by the department of natural resources to manage permanent school fund land reflect the actual cost of managing the permanent school fund land. The study shall also encompass investment policies to maximize returns to the fund. The auditor shall also study whether another unit of government could manage the permanent school fund land more cost-efficiently. The auditor shall report to the permanent school fund advisory committee by January 15, 1998.

Sec. 58. AGENCY EXAMINATION.

During the interim between the 1997 and 1998 regular sessions, the governmental operations budget division of the senate shall conduct a thorough review of the operation and financing of the following state agencies: the departments of administration, finance, and revenue; the board of the arts; and the Minnesota amateur sports commission. The agencies shall make their books, records, documents, accounting procedures, and practices available for examination by the division and division staff. Agency personnel shall assist the division and division staff in developing a better understanding of how the agencies operate.

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Sec. 59. REVIEW OF OBSOLETE RULES AND STUDY OF OUTCOME-BASED REGULATION.

The senate committee on governmental operations and veterans and the house committee on governmental operations, in cooperation with the affected state agencies, shall review Minnesota Rules and report to the legislature by January 15, 1998, any rules that the committees find to be obsolete, unnecessary, or duplicative of other state or federal rules or statutes. The report must include any necessary legislation the committees propose to eliminate the rules or correct the duplication. In addition, the committee should complete a study on whether to require state agencies to implement outcome-based regulatory programs whenever feasible.

Sec. 60. RULE VOID.

(a) That portion of Minnesota Rules, part 1350.7300, subpart 2, which requires that commercial office space must be separated from other areas of the building by floor-to-ceiling walls is void.

(b) The commissioner of administration shall amend Minnesota Rules, part 1350.7300, subpart 2, to conform with paragraph (a). This amendment may be done in the manner specified in Minnesota Statutes, section 14.388, clause (3), or may be done the next time the commissioner proposes other amendments to rules relating to the state building code or manufactured homes.

Sec. 61. VOLUNTARY UNPAID LEAVE OF ABSENCE.

Appointing authorities in state government shall encourage each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, 1999. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 62. BOND SALE AUTHORIZATIONS REDUCED.

The bond sale authorizations in the following laws are reduced by the amounts indicated:

- (1) Laws 1987, chapter 400, section 25, subdivision 1, is reduced by \$295,000.
- (2) Laws 1989, chapter 300, article 1, section 23, subdivision 1, is reduced by \$3,335,000.
- (3) Laws 1990, chapter 610, article 1, section 30, subdivision 1, is reduced by \$9,280,000.
- (4) Laws 1990, chapter 610, article 1, section 30, subdivision 3, is reduced by \$165,000.

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(5) Laws 1991, chapter 350, article 1, section 2, subdivision 1, is reduced by \$48,765,000.

(6) Laws 1992, chapter 558, section 28, subdivision 1, is reduced by \$6,590,000.

(7) Laws 1993, chapter 373, section 19, subdivision 1, is reduced by \$10,000.

(8) Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$37,285,000.

Sec. 63. INSTRUCTION TO REVISOR.

In the next editions of Minnesota Statutes and Minnesota Rules, the revisor of statutes shall change the term "ethical practices board" to "campaign finance and public disclosure board" wherever it appears.

Sec. 64. REPEALER.

(a) Minnesota Statutes 1996, section 138.35, subdivision 3, is repealed.

(b) Minnesota Statutes 1996, sections 10A.21; and 16B.58, subdivision 8, are repealed.

Sec. 65. EFFECTIVE DATE.

Sections 1, 12, 14, 16 to 19, 36, 60, and 64, paragraph (b), are effective the day following final enactment. Section 20 is effective March 1, 1998. Section 51, subdivisions 1 to 3, are effective the day following final enactment. Section 51, subdivisions 4 to 8, are effective July 1, 1997.

ARTICLE 3

INFORMATION TECHNOLOGY

Section 1. Minnesota Statutes 1996, section 16B.05, subdivision 2, is amended to read:

Subd. 2. **FACSIMILE SIGNATURES AND ELECTRONIC APPROVALS.** When authorized by the commissioner, facsimile signatures and, electronic approvals, or digital signatures may be used by personnel of the department of administration in accordance with the commissioner's delegated authority and instructions. Copies of which shall the delegated authority and instructions must be filed with the commissioner of finance, state treasurer, and the secretary of state. A facsimile signature or, electronic approval, or digital signature, when used in accordance with the commissioner's delegated authority and instructions, is as effective as an original signature.

Sec. 2. [16B.415] OPERATION OF INFORMATION SYSTEMS.

The commissioner, through a division of technology management, is responsible for ongoing operations of state agency information technology activities. These include records management, activities relating to the government data practices act, operation

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of MNet, and activities necessary to make state information systems year 2000 compliant.

Sec. 3. Minnesota Statutes 1996, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. **COMPOSITION.** The intergovernmental information systems advisory council is composed of (1) two members from each of the following groups: counties outside of the seven-county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, school districts outside the metropolitan area, and public libraries; (3) one member each appointed by the state departments of children, families, and learning, human services, revenue, and economic security, the office of strategic and long-range planning, office of technology, administration, and the legislative auditor; (4) one member from the office of the state auditor, appointed by the auditor; (5) the assistant commissioner of administration for the information policy office; (6) one member appointed by each of the following organizations: league of Minnesota cities, association of Minnesota counties, Minnesota association of township officers, and Minnesota association of school administrators; and ~~(7)~~ (6) one member of the house of representatives appointed by the speaker and one member of the senate appointed by the subcommittee on committees of the committee on rules and administration. The legislative members appointed under clause ~~(7)~~ (6) are nonvoting members. The commissioner of administration shall appoint members under clauses (1) and (2). The terms, compensation, and removal of the appointed members of the advisory council are as provided in section 15.059, but the council does not expire until June 30, 1997 1999.

Sec. 4. Minnesota Statutes 1996, section 16B.465, is amended to read:

16B.465 **STATEWIDE MINNESOTA NETWORK FOR TELECOMMUNICATIONS ACCESS ROUTING SYSTEM ("MNET").**

Subdivision 1. **CREATION.** The statewide Minnesota network for telecommunications access routing system, known as "MNet," provides voice, data, video, and other telecommunications transmission services to state agencies; educational institutions, including public schools as defined in section 120.05, nonpublic, church or religious organization schools which that provide instruction in compliance with sections 120.101 to 120.102, and private colleges; public corporations; and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities except it may serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system MNet in order to provide cost-effective telecommunications transmission services to system MNet users.

Subd. 2. **ADVISORY COUNCIL.** The statewide telecommunications access and routing system MNet is managed by the commissioner. Subject to section 15.059, subdivisions 1 to 4, the commissioner shall appoint an advisory council to provide advice in implementing and operating a statewide telecommunications access and routing system MNet. The council shall represent the users of STARS MNet services and shall include

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representatives of higher education, public and private schools, state agencies, and political subdivisions.

Subd. 3. **DUTIES.** The commissioner, after consultation with the council office of technology, shall:

- (1) provide voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through an account in the intertechnologies revolving fund;
- (2) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the system users;
- (3) set rates and fees for services;
- (4) approve contracts relating to the system;
- (5) in consultation with the office of technology, develop the system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system; and
- (6) in consultation with the office of technology, develop a plan for interconnection of the network with private colleges and public and private schools in the state.

Subd. 4. **PROGRAM PARTICIPATION.** (a) The commissioner may require the participation of state agencies, the state board of education, and the board of trustees of the Minnesota state colleges and universities and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) A direct appropriation made to an educational institution for usage costs associated with the ~~STARS network~~ MNet must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration.

Subd. 6. **REVOLVING FUND APPROPRIATION.** Money appropriated for the ~~statewide telecommunications access routing system~~ MNet and fees for telecommunications services must be deposited in an account in the intertechnologies revolving fund. Money in the account is appropriated annually to the commissioner to operate telecommunications services.

Subd. 7. **EXEMPTION.** The system is exempt from the five-year limitation on contracts set by section 16B.07, subdivision 2.

Sec. 5. [16B.466] ADMINISTRATION OF STATE COMPUTER FACILITIES.

Subdivision 1. COMMISSIONER'S RESPONSIBILITY. The commissioner shall integrate and operate the state's centralized computer facilities to serve the needs of state government. The commissioner shall provide technical assistance to state agencies in the design, development, and operation of their computer systems.

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Subd. 2. **JOINT ACTIONS.** The commissioner may, within available funding, join with the federal government, other states, local governments, and organizations representing those groups either jointly or severally in the development and implementation of systems analysis, information services, and computerization projects.

Sec. 6. Minnesota Statutes 1996, section 16B.467, is amended to read:

16B.467 ELECTRONIC PERMITTING AND LICENSING CONDUCT OF STATE BUSINESS.

The commissioner of administration shall develop and implement a system under which people seeking state business can be conducted and permits or licenses that can be issued immediately upon payment of a fee can obtain these permits and licenses obtained through electronic access to communication with the appropriate state agencies.

Sec. 7. **[16E.01] OFFICE OF TECHNOLOGY.**

Subdivision 1. PURPOSE. The office of technology, referred to in this chapter as the "office," is an agency in the executive branch managed by an executive director appointed by the governor. The office shall provide leadership and direction for information and communications technology policy in Minnesota. The office shall coordinate strategic investments in information and communications technology to encourage the development of a technically literate society and to ensure sufficient access to and efficient delivery of government services.

Subd. 2. DISCRETIONARY POWERS. The office may:

(1) enter into contracts for goods or services with public or private organizations and charge fees for services it provides;

(2) apply for, receive, and expend money from public agencies;

(3) apply for, accept, and disburse grants and other aids from the federal government and other public or private sources;

(4) enter into contracts with agencies of the federal government, local governmental units, the University of Minnesota and other educational institutions, and private persons and other nongovernmental organizations as necessary to perform its statutory duties;

(5) appoint committees and task forces of not more than two years' duration to assist the office in carrying out its duties;

(6) sponsor and conduct conferences and studies, collect and disseminate information, and issue reports relating to information and communications technology issues;

(7) participate in the activities of standards bodies and other appropriate conferences related to information and communications technology issues;

(8) review the technology infrastructure of regions of the state and cooperate with and make recommendations to the governor, legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of information and communications technology infrastructure development potential;

(9) sponsor, support, and facilitate innovative and collaborative economic and community development and government services projects, including technology initiatives related to culture and the arts, with public and private organizations; and

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(10) review and recommend alternative sourcing strategies for state information and communications systems.

Subd. 3. DUTIES. The office shall:

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

(2) review state agency and intergovernmental information and communications systems development efforts involving state or intergovernmental funding, provide information to the legislature in accordance with section 16A.11 regarding projects reviewed, and recommend projects for inclusion in the information technology budget under section 16A.11;

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

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

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

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

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

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

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

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

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

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

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Sec. 8. [16E.02] OFFICE OF TECHNOLOGY STRUCTURE AND PERSONNEL.

Subdivision 1. OFFICE MANAGEMENT AND STRUCTURE. The executive director is the state's chief information officer and technology advisor to the governor. The salary of the executive director may not exceed 85 percent of the governor's salary. The executive director may employ a deputy director, assistant directors, and other employees that the executive director may consider necessary. The executive director and the deputy and assistant directors and one confidential secretary serve in the unclassified service. The staff of the office must include individuals knowledgeable in information and communications technology. The executive director may appoint other personnel as necessary to operate the office of technology in accordance with chapter 43A.

Subd. 2. INTERGOVERNMENTAL PARTICIPATION. The executive director or the director's designee shall serve as a member of the Minnesota education telecommunications council, the geographic information systems council, the library planning task force, or their respective successor organizations, and as a member of Minnesota Technology, Inc., the Minnesota health data institute as a nonvoting member, and the Minnesota world trade center corporation.

Sec. 9. [16E.03] ADMINISTRATION OF STATE INFORMATION AND COMMUNICATIONS SYSTEMS.

Subdivision 1. DEFINITIONS. For the purposes of sections 16E.03 to 16E.05, the following terms have the meanings given them.

(a) "Information and communications technology activity" means the development or acquisition of information and communications technology devices and systems, but does not include MNet or its contractors.

(b) "Data processing device or system" means equipment or computer programs, including computer hardware, firmware, software, and communication protocols, used in connection with the processing of information through electronic data processing means, and includes data communication devices used in connection with computer facilities for the transmission of data.

(c) "State agency" means an agency in the executive branch of state government and includes state colleges and universities and the Minnesota higher education services office, notwithstanding any other law enacted at the 1997 legislative session.

Subd. 2. EXECUTIVE DIRECTOR'S RESPONSIBILITY. The executive director shall coordinate the state's information and communications technology systems to serve the needs of the state government. The executive director shall:

(1) coordinate the design of a master plan for information and communications technology systems in the state and its political subdivisions and shall report on the plan to the governor and legislature at the beginning of each regular session;

(2) coordinate all information and communications technology plans and contracts and oversee the state's information and communications systems;

(3) establish standards for information and communications systems that encourage competition and support open systems environments and that are compatible with national and international standards; and

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(4) maintain a library of systems and programs developed by the state and its political subdivisions for use by agencies of government.

Subd. 3. EVALUATION AND APPROVAL. A state agency may not undertake an information and communications technology activity until it has been evaluated according to the procedures developed under subdivision 4. The governor or governor's designee shall give written approval of the proposed activity. If the proposed activity is not approved, the commissioner of finance shall cancel the unencumbered balance of any appropriation allotted for the activity. This subdivision does not apply to acquisitions or development of information and communications systems that have anticipated total cost of less than \$100,000.

Subd. 4. EVALUATION PROCEDURE. The executive director shall establish and, as necessary, update and modify procedures to evaluate information and communications activities proposed by state agencies. The evaluation procedure must assess the necessity, design and plan for development, ability to meet user requirements, feasibility, and flexibility of the proposed data processing device or system, its relationship to other state data processing devices or systems, and its costs and benefits when considered by itself and when compared with other options.

Subd. 5. REPORT TO LEGISLATURE. The executive director shall submit to the legislature, in the information technology budget required by section 16A.11, a concise narrative explanation of the activity and a request for any additional appropriation necessary to complete the activity.

Subd. 6. SYSTEM DEVELOPMENT METHODS. The executive director shall establish and, as necessary, update and modify methods for developing information and communications systems appropriate to the specific needs of individual state agencies. The development methods shall be used to define the design, programming, and implementation of systems. The development methods must also enable and require a data processing system to be defined in terms of its computer programs, input requirements, output formats, administrative procedures, and processing frequencies.

Subd. 7. DATA SECURITY SYSTEMS. In consultation with the attorney general and appropriate agency heads, the executive director shall develop data security policies, guidelines, and standards, and the commissioner of administration shall install and administer state data security systems on the state's centralized computer facility consistent with these policies, guidelines, standards, and state law to ensure the integrity of computer-based and other data and to ensure applicable limitations on access to data, consistent with the public's right to know as defined in chapter 13. Each department or agency head is responsible for the security of the department's or agency's data.

Subd. 8. JOINT ACTIONS. The executive director may join with the federal government, other states, local governments, and organizations representing those groups either jointly or severally in the development and implementation of systems analysis, information services, and computerization projects.

Sec. 10. [16E.04] INFORMATION AND COMMUNICATIONS TECHNOLOGY POLICY.

Subdivision 1. DEVELOPMENT. The office shall coordinate with state agencies in developing and establishing policies and standards for state agencies to follow in de-

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veloping and purchasing information and communications systems and training appropriate persons in their use. The office shall develop, promote, and coordinate state technology, architecture, standards and guidelines, information needs analysis techniques, contracts for the purchase of equipment and services, and training of state agency personnel on these issues.

Subd. 2. **RESPONSIBILITIES.** (a) In addition to other activities prescribed by law, the office shall carry out the duties set out in this subdivision.

(b) The office shall develop and establish a state information architecture to ensure that further state agency development and purchase of information and communications systems, equipment, and services is designed to ensure that individual agency information systems complement and do not needlessly duplicate or conflict with the systems of other agencies. When state agencies have need for the same or similar public data, the executive director, in coordination with the affected agencies, shall promote the most efficient and cost-effective method of producing and storing data for or sharing data between those agencies. The development of this information architecture must include the establishment of standards and guidelines to be followed by state agencies.

(c) The office shall assist state agencies in the planning and management of information systems so that an individual information system reflects and supports the state agency's mission and the state's requirements and functions.

(d) The office shall review agency requests for legislative appropriations for the development or purchase of information systems equipment or software.

(e) The office shall review major purchases of information systems equipment to:

(1) ensure that the equipment follows the standards and guidelines of the state information architecture;

(2) ensure that the equipment is consistent with the information management principles adopted by the information policy council;

(3) evaluate whether the agency's proposed purchase reflects a cost-effective policy regarding volume purchasing; and

(4) ensure that the equipment is consistent with other systems in other state agencies so that data can be shared among agencies, unless the office determines that the agency purchasing the equipment has special needs justifying the inconsistency.

(f) The office shall review the operation of information systems by state agencies and provide advice and assistance to ensure that these systems are operated efficiently and continually meet the standards and guidelines established by the office. The standards and guidelines must emphasize uniformity that encourages information interchange, open systems environments, and portability of information whenever practicable and consistent with an agency's authority and chapter 13. The office, in consultation with the intergovernmental information systems advisory council and the legislative reference library, shall recommend specific standards and guidelines for each state agency within a time period fixed by the office in regard to the following:

(1) establishing methods and systems directed at reducing and ultimately eliminating redundant storage of data; and

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(2) establishing information sales systems that utilize licensing and royalty agreements to the greatest extent possible, together with procedures for agency denial of requests for licenses or royalty agreements by commercial users or resellers of the information. Section 3.751 does not apply to those licensing and royalty agreements, and the agreements must include provisions that section 3.751 does not apply and that the state is immune from liability under the agreement.

(g) The office shall conduct a comprehensive review at least every three years of the information systems investments that have been made by state agencies and higher education institutions. The review must include recommendations on any information systems applications that could be provided in a more cost-beneficial manner by an outside source. The office must report the results of its review to the legislature and the governor.

(h) The office shall report to the legislature by January 15 of each year on progress in implementing paragraph (f), clauses (1) and (2).

Sec. 11. **[16E.05] GOVERNMENT INFORMATION ACCESS.**

Subdivision 1. DUTIES. The office, in consultation with interested persons, shall:

(1) coordinate statewide efforts by units of state and local government to plan for and develop a system for providing access to government services;

(2) make recommendations to facilitate coordination and assistance of demonstration projects; and

(3) explore ways and means to improve citizen and business access to public services, including implementation of technological improvements.

Subd. 2. APPROVAL OF STATE AGENCY INITIATIVES. A state agency shall coordinate with the office when implementing a new initiative for providing electronic access to state government information.

Subd. 3. CAPITAL INVESTMENT. No state agency may propose or implement a capital investment plan for a state office building unless:

(1) the agency has developed a plan for increasing telecommuting by employees who would normally work in the building, or the agency has prepared a statement describing why such a plan is not practicable; and

(2) the plan or statement has been reviewed by the office.

Sec. 12. **[16E.06] DATA PRIVACY.**

The following data submitted to the office by businesses are private data on individuals or nonpublic data: financial statements, business plans, income and expense projections, customer lists, and market and feasibility studies not paid for with public funds.

Sec. 13. **[16E.07] NORTH STAR.**

Subdivision 1. DEFINITIONS. (a) The definitions in this subdivision apply to this section.

(b) CORE SERVICES. "Core services" means information system applications required to provide secure information services and online applications and content to the public from government units. Online applications may include, but are not limited to:

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- (1) standardized public directory services and standardized content services;
- (2) online search systems;
- (3) general technical services to support government unit online services;
- (4) electronic conferencing and communication services;
- (5) secure electronic transaction services;
- (6) digital audio, video, and multimedia services; and
- (7) government intranet content and service development.

(c) **GOVERNMENT UNIT.** “Government unit” means a state department, agency, commission, council, board, task force, or committee; a constitutional office; a court entity; the Minnesota state colleges and universities; a county, statutory or home rule charter city, or town; a school district; a special district; or any other board, commission, district, or authority created under law, local ordinance, or charter provision.

Subd. 2. **ESTABLISHED.** The office shall establish “North Star” as the state’s comprehensive government online information service. North Star is the state’s governmental framework for coordinating and collaborating in providing online government information and services. Government agencies that provide electronic access to government information are requested to make available to North Star their most frequently requested public data.

Subd. 3. **ACCESS TO DATA.** The legislature determines that the greatest possible access to certain government information and data is essential to allow citizens to participate fully in a democratic system of government. Certain information and data, including, but not limited to the following, must be provided free of charge or for a nominal cost associated with reproducing the information or data:

- (1) directories of government services and institutions;
- (2) legislative and rulemaking information, including public information newsletters, bill text and summaries, bill status information, rule status information, meeting schedules, and the text of statutes and rules;
- (3) supreme court and court of appeals opinions and general judicial information;
- (4) opinions of the attorney general;
- (5) ethical practices board and election information;
- (6) public budget information;
- (7) local government documents, such as codes, ordinances, minutes, meeting schedules, and other notices in the public interest;
- (8) official documents, releases, speeches, and other public information issued by government agencies; and
- (9) the text of other government documents and publications that government agencies determine are important to public understanding of government activities.

Subd. 4. **STAFF.** The executive director of the office shall appoint the manager of the North Star online information service and hire staff to carry out the responsibilities of the service.

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Subd. 5. PARTICIPATION; CONSULTATION; GUIDELINES. The North Star staff shall consult with governmental and nongovernmental organizations to establish rules for participation in the North Star service. Government units planning, developing, or providing publicly accessible online services shall provide access through and collaborate with North Star and formally register with the office. The University of Minnesota is requested to establish online connections and collaborate with North Star. Units of the legislature shall make their services available through North Star. Government units may be required to submit standardized directory and general content for core services but are not required to purchase core services from North Star. North Star shall promote broad public access to the sources of online information or services through multiple technologies.

Subd. 6. FEES. The office shall establish fees for technical and transaction services for government units through North Star. Fees must be credited to the North Star account. The office may not charge a fee for viewing or inspecting data made available through North Star or linked facilities, unless specifically authorized by law.

Subd. 7. NORTH STAR ACCOUNT. The North Star account is created in the special revenue fund. The account consists of:

- (1) grants received from nonstate entities;
- (2) fees and charges collected by the office;
- (3) gifts, donations, and bequests made to the office; and
- (4) other money credited to the account by law.

Money in the account is appropriated to the office to be used to continue the development of the North Star project.

Subd. 8. SECURE TRANSACTION SYSTEM. The office shall plan and develop a secure transaction system to support delivery of government services electronically.

Subd. 9. AGGREGATION OF SERVICE DEMAND. The office shall identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of chapter 16B, except sections 16B.167, 16B.17, and 16B.175.

Subd. 10. OUTREACH. The office may promote the availability of government online information and services through public outreach and education. Public network expansion in communities through libraries, schools, colleges, local government, and other community access points must include access to North Star. North Star may make materials available to those public sites to promote awareness of the service.

Subd. 11. ADVANCED DEVELOPMENT COLLABORATION. The office shall identify information technology services with broad public impact and advanced development requirements. Those services shall assist in the development of and utilization of core services to the greatest extent possible where appropriate, cost effective, and technically feasible. This includes, but is not limited to, higher education, statewide online library, economic and community development, and K-12 educational technology services. North Star shall participate in electronic commerce research and development

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initiatives with the University of Minnesota and other partners. The statewide online library service shall consult, collaborate, and work with North Star to ensure development of proposals for advanced government information locator and electronic depository and archive systems.

Sec. 14. **[16E.08] BUSINESS LICENSE INFORMATION.**

The office shall coordinate the design, establishment, implementation, and maintenance of an electronic system to allow the public to retrieve by computer information prepared by the department of trade and economic development bureau of business licenses on licenses and their requirements. The office shall establish the format and standards for retrieval consistent with state information and data interchange policies. The office shall integrate the system with the North Star online information system. The office shall work in collaboration with the department of trade and economic development bureau of business licenses. The bureau is responsible for creating and operating the system.

Sec. 15. **[16E.11] TRADE POINT.**

The office shall cooperate with the United Nations, the Minnesota world trade center corporation, the commissioner of trade and economic development, the University of Minnesota, and private businesses to expand international trading opportunities for small and medium sized businesses through the use of electronic commerce technologies and participation in the global trade point network. The office shall support research and development of secured trading technologies by the commissioner of trade and economic development, the University of Minnesota, and others. The office, in cooperation with the commissioner of trade and economic development, shall coordinate expansion of membership in a trade point association. The office shall provide training and outreach and support training and outreach provided by the commissioner of trade and economic development and the University of Minnesota. These agencies shall cooperate in the identification and development of electronic trading centers in multiple regions of this state.

Sec. 16. **[16E.12] INTERNET CENTER.**

Subdivision 1. CREATION. The office shall create the Internet center, centrally located within the state, to collaborate with the North Star online information service, public and private partners, and with existing or emerging technology and community development efforts.

Subd. 2. COMMUNITY ASSISTANCE. The center shall assist communities and regions in comprehensive information and telecommunications technology (IT) community planning, demand aggregation, design, and implementation. It shall maintain an interactive database of community and business-related IT experience, showcase successful models of community and business IT integration, coordinate statewide IT community development technical assistance, and act as a clearinghouse for applications and education in the uses of IT.

Subd. 3. TELETERNS; RESOURCE TEAMS. A "teletern" is a student enrolled in a higher education program who has information and telecommunications technology skills. The center shall coordinate the training and placement of teleterns who have IT experience and community development process skills, regional IT community development coordinators, and community IT resource teams to work in partnership with com-

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munities as they plan for and implement comprehensive IT resource development efforts. This includes the aggregation of demand for IT to help facilitate the transition into a market-based, competitive IT environment and the use of IT tools to enhance access to community services, improve the business climate, and strengthen community ties.

Subd. 4. COMMUNITY-BASED DEVELOPMENT PARTNERS. The center and its community-based development functions shall coordinate or partner, when possible, with Minnesota learning community initiatives, particularly for community-based technology learning centers; Minnesota library technology investments; trade point Minnesota, the University of Minnesota secure electronic authentication link (SEAL) laboratory and electronic trading centers; the Small Business Administration business information center; Minnesota technology centers; the Minnesota extension service Access Minnesota sites; and the state's telecommunications collaboration project, among others.

Sec. 17. [16E.13] COMMUNITY TECHNOLOGY RESOURCE DEVELOPMENT.

Subdivision 1. CREATION AND PURPOSE. The information and telecommunications technology (IT) community resource development initiative is created under the oversight jurisdiction of the office of technology to build the capacity of citizens, businesses, communities, and regions of the state to fully realize the benefits of IT for sustainable community and economic development and to help facilitate the transition into the market-based, competitive IT environment.

Subd. 2. DUTIES GENERALLY. Through this initiative, the office shall:

(1) collect, organize, and distribute information regarding the benefits, applications, and effective uses of IT;

(2) promote community-based telecommunications planning and development and the use of community-oriented electronic communications and information applications in health care, education, and commerce;

(3) award grants for community-based development seed funds to encourage public-private partnerships that foster effective IT use and IT integration activities in the community; and

(4) facilitate the aggregation of demand for IT on a comprehensive private, nonprofit, and public sector shared basis in communities.

Subd. 3. ASSISTANCE AND FUNDING; GENERAL PRINCIPLES. Community technical assistance and development seed funding for aggregation of demand and community IT planning provided through the IT community resource development initiative is contingent upon the following general principles:

(1) that communities and regions show evidence of, or intent to do, cooperative funding and planning between sectors including, but not limited to, private sector providers, public sector technology investments such as MNet, library systems, health care providers, businesses, schools and other educational institutions, and the nonprofit sector; and

(2) that communities and regions agree to form local and regional IT coordination committees or modify similar, existing committees to be more inclusive of other sectors

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and undertake comprehensive planning across those sectors to leverage public and private IT investment to the maximum benefit of all citizens.

Sec. 18. Minnesota Statutes 1996, section 403.02, subdivision 2, is amended to read:

Subd. 2. **METROPOLITAN AREA.** “Metropolitan area” means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington metropolitan area as defined in section 473.121, subdivision 2.

Sec. 19. Minnesota Statutes 1996, section 403.02, is amended by adding a subdivision to read:

Subd. 10. **COMMISSIONER.** “Commissioner” means the commissioner of administration.

Sec. 20. Minnesota Statutes 1996, section 403.08, is amended by adding a subdivision to read:

Subd. 7. **CELLULAR AND OTHER NONWIRE PROVIDERS.** (a) Each cellular and other wireless access service provider shall cooperate in planning and implementing integration with enhanced 911 systems operating in their service territories to meet federal communications commission enhanced 911 standards. By August 1, 1997, each 911 emergency telephone service provider operating enhanced 911 systems, in cooperation with each involved cellular or other wireless access service provider, shall develop and provide to the commissioner good-faith estimates of installation and recurring expenses to integrate cellular 911 service into the enhanced 911 networks to meet federal communications commission phase one wireless enhanced 911 standards. The commissioner shall coordinate with counties and affected public safety agency representatives in developing a statewide design and plan for implementation.

(b) Planning shall be completed by October 1, 1997, for the metropolitan area and shall be completed by December 1, 1997, for the areas outside of the metropolitan area.

(c) Planning considerations must include cost, degree of integration into existing 911 systems, the retention of existing 911 infrastructure, and the potential implications of phase 2 of the federal communications commission wireless enhanced 911 standards.

(d) Counties shall incorporate the statewide design when modifying county 911 plans to provide for integrating wireless 911 service into existing county 911 systems. The commissioner shall contract with the involved wireless service providers and 911 service providers to integrate cellular and other wireless services into existing 911 systems where feasible.

Sec. 21. Minnesota Statutes 1996, section 403.11, subdivision 2, is amended to read:

Subd. 2. **MODIFICATION COSTS.** (a) The costs of a public utility incurred in the modification of central office switching equipment for minimum 911 service shall be paid from the general fund of the state treasury by appropriations for that purpose.

(b) The installation and recurring charges for integrating cellular and other wireless access services 911 calls into enhanced 911 systems must be paid by the commissioner if the 911 service provider is included in the statewide design plan and the charges have been certified and approved under subdivision 3, or the wireless access service provider has completed a contract for service with the commissioner, and charges are considered

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reasonable and accurate by the commissioner. Charges payable to wireless access service providers are not subject to the provisions of subdivision 3.

Sec. 22. Minnesota Statutes 1996, section 403.113, subdivision 1, is amended to read:

Subdivision 1. **FEE.** (a) In addition to the actual fee assessed under section 403.11, each customer receiving local telephone service, ~~excluding~~ including cellular or other nonwire service, is assessed a fee to fund implementation and maintenance of enhanced 911 service, including acquisition of necessary equipment and the costs of the ~~department of administration~~ commissioner to administer the program. The enhanced fee collected from cellular or other nonwire service customers must be collected effective in July 1997 billings. The actual fee assessed under section 403.11 and the enhanced 911 service fee must be collected as one amount and may not exceed the amount specified in section 403.11, subdivision 1, paragraph (b).

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

(c) The commissioner of the department of administration, in consultation with counties and 911 system users, shall determine the amount of the enhanced 911 service fee and inform telephone companies or communications carriers that provide service capable of originating a 911 emergency telephone call of the total amount of the 911 service fees in the same manner as provided in section 403.11.

Sec. 23. Minnesota Statutes 1996, section 403.113, subdivision 2, is amended to read:

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

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

(2) the remaining one-half to qualified counties and cities with existing 911 systems based on each county's or city's percentage of the total population of qualified counties and cities. The population of a qualified city with an existing system must be deducted from its county's population when calculating the county's share under this clause if the city seeks direct distribution of its share.

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

(c) For the purposes of this subdivision, a county or city is qualified to share in the distribution of money for enhanced 911 service if the county auditor certifies to the com-

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missioner of administration the amount of the county's or city's levy for the cost of providing enhanced 911 service for taxes payable in the year in which money for enhanced 911 service will be distributed. The commissioner may not distribute money to a county or city in an amount greater than twice the amount of the county's or city's certified levy. A county or city or other governmental entity as described in paragraph (a), clause (1), is not qualified to share in the distribution of money for enhanced 911 service if, in addition to the levy required under this paragraph, it has not implemented enhanced 911 service before December 31, 1998.

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

Sec. 24. Minnesota Statutes 1996, section 403.113, subdivision 3, is amended to read:

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

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

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

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

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

Sec. 25. Minnesota Statutes 1996, section 403.113, subdivision 4, is amended to read:

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

Sec. 26. Minnesota Statutes 1996, section 403.13, is amended to read:

403.13 CELLULAR TELEPHONE USE.

Subdivision 1. **CELLULAR 911 CALLS.** (a) Those governmental entities that are responsible for the design, planning, and coordination of the 911 emergency telephone

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system under the requirements of this chapter shall ensure that a 911 emergency call made with a cellular or other wireless access device is automatically connected to and answered by the appropriate public safety answering point.

(b) In order to comply with paragraph (a), representatives of each county's 911 planning committee shall consult with representatives of the relevant district office of the state patrol to allocate responsibility for answering emergency 911 calls in each county, and shall notify the commissioner of the agreed upon allocation. By April 1, 1998, for the metropolitan area and June 1, 1998, for the area outside the metropolitan area, the county 911 planning committees and the district offices of the state patrol shall notify the commissioner of any unresolved issues regarding the allocation of responsibility for answering cellular 911 emergency calls.

(c) Unresolved issues in the metropolitan area must be resolved by:

(1) the executive director of the metropolitan 911 board;

(2) the 911 product manager appointed by the commissioner;

(3) a representative appointed by the Minnesota state sheriffs association from the metropolitan area;

(4) the commissioner of public safety or the commissioner's designee; and

(5) a representative appointed by the Minnesota chiefs of police association from the metropolitan area.

(d) Unresolved issues in the area outside the metropolitan area must be resolved by:

(1) a representative appointed by association of Minnesota counties from the area outside the metropolitan area;

(2) the 911 product manager appointed by the commissioner;

(3) a representative appointed by the Minnesota state sheriffs association from the area outside the metropolitan area;

(4) the commissioner of public safety or the commissioner's designee; and

(5) a representative appointed by the Minnesota league of cities from the area outside the metropolitan area.

(e) These committees shall resolve outstanding issues by December 31, 1998. The decision of the committee is final.

Subd. 2. NOTIFICATION OF SUBSCRIBERS. A provider of cellular or other wireless telephone services in Minnesota shall notify its subscribers at the time of initial subscription and four times per year thereafter that a 911 emergency call made with a cellular wireless telephone is not always answered by a local public safety answering point but rather is may be routed to a state patrol dispatcher and that, accordingly, the caller must provide specific information regarding the caller's location.

Sec. 27. [403.14] WIRELESS ENHANCED 911 SERVICE PROVIDER; LIABILITY.

No wireless enhanced 911 emergency communication service provider, its employees, or its agents is liable to any person for civil damages resulting from or caused by

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any act or omission in the development, design, installation, operation, maintenance, performance, or provision of enhanced 911 wireless service, except for willful or wanton misconduct. No wireless carrier, its employees, or its agents is liable to any person who uses enhanced 911 wireless service for release of subscriber information required under this chapter to any public safety answering point.

Sec. 28. Minnesota Statutes 1996, section 473.894, subdivision 3, is amended to read:

Subd. 3. **APPLICATION TO FCC.** Within 180 days from adoption of the region-wide public safety radio system communication plan the commissioner of transportation, on behalf of the state of Minnesota, shall use the plan adopted by the board under subdivision 2 to submit an extended implementation application to the Federal Communications Commission (FCC) for the NPSAC channels and other public safety frequencies available for use in the metropolitan area and necessary to implement the plan. Local governments and all other public or private entities eligible under part 90 of the FCC rules shall not apply for public safety channels in the 821 to 824 and 866 to 869 megahertz bands for use within the metropolitan counties until the FCC takes final action on the regional application submitted under this section. Exceptions to the restrictions on the application for the NPSAC channels may be granted by the radio board. The Minnesota department of transportation shall hold the master system licenses for all public safety frequencies assigned to the metropolitan area issued by the FCC first phase under the board's plan and these channels shall be used for the implementation of the plan. Local governments and other public and private entities eligible under part 90 of the FCC rules may apply to the FCC as colicensees for subscriber equipment and those portions of the network infrastructure owned by them. Application for colicensing under this section shall require the concurrence of the radio board. The radio board shall hold the master system licenses for the public safety frequencies assigned to local government subsystems under the board's plan and these channels shall be used for implementation of the plan. Upon approval by the board of a local government's subsystem plan and evidence of a signed contract with a vendor for construction of a subsystem consistent with the board's system plan, the board shall apply to the FCC to transfer to the local government the licenses for the public safety frequencies assigned by the plan for use in the network infrastructure owned by the local government. The radio board, the commissioner of transportation, and local subsystem owners shall jointly colicense all subscriber equipment for the backbone system.

Sec. 29. **APPLICATION.**

Section 28 applies in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

Sec. 30. **INTERIM FEE; APPROPRIATION AND DISTRIBUTION.**

(a) Until June 30, 1998, the fee for enhanced wireless 911 service is ten cents per month in addition to the fee actually collected under Minnesota Statutes, section 403.11, subdivision 1. The additional fee is imposed effective July 1, 1997, and is appropriated to the commissioner of administration for distribution as established in section 22.

(b) Distribution of the revenue from the fee under section 22 for enhanced wireless 911 service must begin October 1, 1997. The commissioner of administration shall determine the amount of the additional enhanced wireless 911 service fee to be in effect beginning July 1, 1998, under Minnesota Statutes, section 403.113.

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Sec. 31. INITIAL DUTIES.

(a) Upon creation, the office of technology shall perform a series of preliminary duties designed to assess the current status of the state's investment in information technology and to establish a clear means of directing future information technology initiatives.

(b) By November 1, 1997, the office shall recommend to the governor and the legislature a clearly defined statutory funding structure that:

(1) efficiently uses available federal, state, and local funding sources to develop and maintain a statewide public information and communications infrastructure; and

(2) provides a means of tracking and compiling all state agency expenditures related to information technology.

This report also shall include a proposed format to be used by state agencies for information technology budget requests. The proposed format must be created in collaboration with the commissioners of administration and finance.

(c) By December 1, 1997, the office shall review and report to the governor and the legislature on the status of all currently established state agency and intergovernmental information and communications systems that use state funding. The report shall recommend a means of consolidating existing governmental information technology boards and councils, to achieve efficiency, prevent duplication of effort, and clarify lines of authority.

Sec. 32. EMPLOYEES; TRANSITION.

Persons assigned to the office of technology on the day before the effective date of this section are transferred in their existing status according to Minnesota Statutes, section 15.039, subdivision 7. Effective July 1, 1998, these employees, other than the executive director and the deputy and assistant directors, and one confidential secretary, are converted from the unclassified to the classified service under the following conditions:

(a) The commissioner of employee relations will allocate positions and incumbent employees to appropriate classes in the state classification plan pursuant to Minnesota Statutes, section 43A.07. The commissioner will also assign positions and incumbent employees to an appropriate state unit under Minnesota Statutes, section 179A.10. Positions converted with their incumbents do not create vacancies in state service.

(b) Employees serving in unclassified appointments from the effective date of this section through June 30, 1998, and converted to unlimited classified service on July 1, 1998, are converted to state service without examination. Those converted to classified positions in the managerial plan pursuant to Minnesota Statutes, section 43A.18, subdivision 3, who have completed 12 months of service in their positions and all others converted to classified positions who have completed six months of service in their positions and all others converted to classified positions who have completed six months of service in their positions are converted with permanent status. Employees converted to classified managerial positions with less than 12 months of service in their positions and all others converted to classified positions with less than six months of service in their position are converted with probationary status. All time already served by these employees in the converted positions must be credited toward meeting the probationary period requirement of the state contract or plan to which their position has been assigned.

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Sec. 33. TRANSFERS.

In accordance with Minnesota Statutes, sections 15.039 and 43A.045, the positions for functions transferred from the information policy office, with incumbents, excluding the public information policy analysis division, are transferred to the Minnesota office of technology, effective July 1, 1997.

Sec. 34. INFORMATION TECHNOLOGY.

By February 1, 1998, each executive branch state agency, including the MNSCU system, shall report to the finance divisions or committees in the house and the senate that appropriate money for the agency on current and planned expenditures for information technology. The report must include:

(1) expenditures that will be incurred in the biennium ending June 30, 1999, and any planned future expenditures for each information technology project in the agency;

(2) the goals and objectives for each information technology project that is being developed in the biennium ending June 30, 1999, or that is planned for a future biennium; and

(3) the agency's progress in making its information technology systems compliant with the year 2000.

Sec. 35. INSTRUCTION TO REVISOR.

The revisor shall change in Minnesota Statutes and Minnesota Rules all references to the information policy office and the government information access council to the office of technology.

Sec. 36. REPEALER.

Minnesota Statutes 1996, sections 15.95; 15.96; 16B.40; 16B.41; and 16B.43, are repealed.

Sec. 37. EFFECTIVE DATE.

Sections 20, 21, and 23 to 28 are effective the day following final enactment.

ARTICLE 4**COMMUNITY-BASED PLANNING****Section 1. [4A.08] COMMUNITY-BASED PLANNING GOALS.**

The goals of community-based planning are:

(1) CITIZEN PARTICIPATION. To develop a community-based planning process with broad citizen participation in order to build local capacity to plan for sustainable development and to benefit from the insights, knowledge, and support of local residents. The process must include at least one citizen from each affected unit of local government;

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(2) **COOPERATION.** To promote cooperation among communities to work towards the most efficient, planned, and cost-effective delivery of government services by, among other means, facilitating cooperative agreements among adjacent communities and to coordinate planning to ensure compatibility of one community's development with development of neighboring communities;

(3) **ECONOMIC DEVELOPMENT.** To create sustainable economic development strategies and provide economic opportunities throughout the state that will achieve a balanced distribution of growth statewide;

(4) **CONSERVATION.** To protect, preserve, and enhance the state's resources, including agricultural land, forests, surface water and groundwater, recreation and open space, scenic areas, and significant historic and archaeological sites;

(5) **LIVABLE COMMUNITY DESIGN.** To strengthen communities by following the principles of livable community design in development and redevelopment, including integration of all income and age groups, mixed land uses and compact development, affordable and life-cycle housing, green spaces, access to public transit, bicycle and pedestrian ways, and enhanced aesthetics and beauty in public spaces;

(6) **HOUSING.** To provide and preserve an adequate supply of affordable and life-cycle housing throughout the state;

(7) **TRANSPORTATION.** To focus on the movement of people and goods, rather than on the movement of automobiles, in transportation planning, and to maximize the efficient use of the transportation infrastructure by increasing the availability and use of appropriate public transit throughout the state through land-use planning and design that makes public transit economically viable and desirable;

(8) **LAND-USE PLANNING.** To establish a community-based framework as a basis for all decisions and actions related to land use;

(9) **PUBLIC INVESTMENTS.** To account for the full environmental, social, and economic costs of new development, including infrastructure costs such as transportation, sewers and wastewater treatment, water, schools, recreation, and open space, and plan the funding mechanisms necessary to cover the costs of the infrastructure;

(10) **PUBLIC EDUCATION.** To support research and public education on a community's and the state's finite capacity to accommodate growth, and the need for planning and resource management that will sustain growth; and

(11) **SUSTAINABLE DEVELOPMENT.** To provide a better quality of life for all residents while maintaining nature's ability to function over time by minimizing waste, preventing pollution, promoting efficiency, and developing local resources to revitalize the local economy.

Sec. 2. [4A.09] TECHNICAL ASSISTANCE.

The office shall provide local governments technical and financial assistance in preparing their comprehensive plans to meet the community-based planning goals in section 4A.08.

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Sec. 3. [4A.10] PLAN REVIEW AND COMMENT.

The office shall review and comment on community-based comprehensive plans prepared by counties, including the community-based comprehensive plans of municipalities and towns that are incorporated into a county's plan, as required in section 394.232, subdivision 3.

Sec. 4. Minnesota Statutes 1996, section 394.23, is amended to read:

394.23 COMPREHENSIVE PLAN.

The board ~~shall have~~ has the power and authority to prepare and adopt by ordinance, a comprehensive plan. A comprehensive plan or plans when adopted by ordinance shall must be the basis for official controls adopted under the provisions of sections 394.21 to 394.37.

Sec. 5. [394.232] COMMUNITY-BASED PLANNING.

Subdivision 1. GENERAL. Each county is encouraged to prepare and implement a community-based comprehensive plan. A community-based comprehensive plan is a comprehensive plan that is consistent with the goals of community-based planning in section 4A.08.

Subd. 2. NOTICE AND PARTICIPATION. Notice must be given at the beginning of the community-based comprehensive planning process to the office of strategic and long-range planning, the department of natural resources, the department of agriculture, the department of trade and economic development, the board of soil and water resources, the pollution control agency, the department of transportation, local government units, and local citizens to actively participate in the development of the plan. An agency that is invited to participate in the development of a local plan but declines to do so and fails to participate or to provide written comments during the plan development process waives the right during the office's review and comment period to submit comments, except for comments concerning consistency of the plan with laws and rules administered by the agency. In determining the merit of the agency comment, the office shall consider the involvement of the agency in the development of the plan.

Subd. 3. COORDINATION. A county that prepares a community-based comprehensive plan shall coordinate its plan with the plans of its neighbors and its constituent municipalities and towns in order both to prevent its plan from having an adverse impact on other jurisdictions and to complement plans of other jurisdictions. The county's community-based comprehensive plan must incorporate the community-based comprehensive plan of any municipality or town in the county prepared in accordance with section 462.3535. A county may incorporate a municipal or town community-based comprehensive plan by reference.

Subd. 4. JOINT PLANNING. Under the joint exercise of powers provisions in section 471.59, a county may establish a joint planning district with other counties, municipalities, and towns, that are geographically contiguous, to adopt a single community-based comprehensive plan for the district. The county may delegate its authority to adopt official controls under this chapter, to the board of the joint planning district.

Subd. 5. REVIEW AND COMMENT. (a) The county or joint planning district shall submit its community-based comprehensive plan to the office of strategic and

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long-range planning for review. The plan is deemed approved 60 days after submittal to the office, unless the office disagrees with the plan as provided in paragraph (c).

(b) The office may not disapprove a community-based comprehensive plan if the office determines that the plan meets the requirements of this section.

(c) If the office disagrees with a community-based comprehensive plan or any elements of the plan, the office shall notify the county or district in writing of the plan deficiencies and suggested changes. Upon receipt of the office's written comments, the county or district has 60 days to revise the community-based comprehensive plan and resubmit it to the office for reconsideration.

(d) If the county or district refuses to revise the plan or the office disagrees with the revised plan, the office shall within 60 days notify the county or district that it wishes to initiate the dispute resolution process in chapter 572A.

(e) Within 30 days of notice from the office, the county or joint planning district shall notify the office of its intent to enter the dispute resolution process. If the county or district refuses to enter the dispute resolution process, the county or district shall refund any state grant received for community-based planning activities through the office.

Subd. 6. PLAN UPDATE. The county board, or the board of the joint planning district, shall review and update the community-based comprehensive plan periodically, but at least every ten years, and submit the updated plan to the office of strategic and long-range planning for review and comment.

Subd. 7. NO MANDAMUS PROCEEDING. A mandamus proceeding may not be instituted against a county under this section to require the county to conform its community-based comprehensive plan to be consistent with the community-based planning goals in section 4A.08.

Subd. 8. PLANNING AUTHORITY. Nothing in this section shall be construed to prohibit or limit a county's authority to prepare and adopt a comprehensive plan and official controls under this chapter.

Sec. 6. Minnesota Statutes 1996, section 394.24, subdivision 1, is amended to read:

Subdivision 1. ADOPTED BY ORDINANCE. Official controls which shall further the purpose and objectives of the comprehensive plan and parts thereof shall be adopted by ordinance. The comprehensive plan must provide guidelines for the timing and sequence of the adoption of official controls to ensure planned, orderly, and staged development and redevelopment consistent with the comprehensive plan.

Sec. 7. Minnesota Statutes 1996, section 462.352, subdivision 5, is amended to read:

Subd. 5. COMPREHENSIVE MUNICIPAL PLAN. "Comprehensive municipal plan" means a compilation of policy statements, goals, standards, and maps for guiding the physical, social and economic development, both private and public, of the municipality and its environs, including air space and subsurface areas necessary for mined underground space development pursuant to sections 469.135 to 469.141, and may include, but is not limited to, the following: statements of policies, goals, standards, a land use plan, including proposed densities for development, a community facilities plan, a transportation plan, and recommendations for plan execution. A comprehensive plan repre-

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sents the planning agency's recommendations for the future development of the community.

Sec. 8. Minnesota Statutes 1996, section 462.352, subdivision 6, is amended to read:

Subd. 6. **LAND USE PLAN.** "Land use plan" means a compilation of policy statements, goals, standards, and maps, and action programs for guiding the future development of private and public property. The term includes a plan designating types of uses for the entire municipality as well as a specialized plan showing specific areas or specific types of land uses, such as residential, commercial, industrial, public or semipublic uses or any combination of such uses. A land use plan may also include the proposed densities for development.

Sec. 9. Minnesota Statutes 1996, section 462.352, is amended by adding a subdivision to read:

Subd. 18. **URBAN GROWTH AREA.** "Urban growth area" means the identified area around an urban area within which there is a sufficient supply of developable land for at least a prospective 20-year period, based on demographic forecasts and the time reasonably required to effectively provide municipal services to the identified area.

Sec. 10. **[462.3535] COMMUNITY-BASED PLANNING.**

Subdivision 1. **GENERAL.** Each municipality is encouraged to prepare and implement a community-based comprehensive municipal plan. A community-based comprehensive municipal plan is a comprehensive plan that is consistent with the goals of community-based planning in section 4A.08.

Subd. 2. **COORDINATION.** A municipality that prepares a community-based comprehensive municipal plan shall coordinate its plan with the plans, if any, of the county and the municipality's neighbors both in order to prevent the plan from having an adverse impact on other jurisdictions and to complement the plans of other jurisdictions. The municipality shall prepare its plan to be incorporated into the county's community-based comprehensive plan, if the county is preparing or has prepared one, and shall otherwise assist and cooperate with the county in its community-based planning.

Subd. 3. **JOINT PLANNING.** Under the joint exercise of powers provisions in section 471.59, a municipality may establish a joint planning district with other municipalities or counties that are geographically contiguous, to adopt a single community-based comprehensive plan for the district. A municipality may delegate its authority to adopt official controls under sections 462.351 to 462.364, to the board of the joint planning district.

Subd. 4. **CITIES; URBAN GROWTH AREAS.** (a) The community-based comprehensive municipal plan for a statutory or home rule charter city, and official controls to implement the plan, must at a minimum, address any urban growth area identified in a county plan and may establish an urban growth area for the urbanized and urbanizing area. The city plan must establish a staged process for boundary adjustment to include the urbanized or urbanizing area within corporate limits as the urban growth area is developed and provided municipal services.

(b) Within the urban growth area, the plan must provide for the staged provision of urban services, including, but not limited to, water, wastewater collection and treatment, and transportation.

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Subd. 5. URBAN GROWTH AREA BOUNDARY ADJUSTMENT PROCESS. (a) After an urban growth area has been identified in a county or city plan, a city shall negotiate, as part of the comprehensive planning process and in coordination with the county, an orderly annexation agreement with the townships containing the affected unincorporated areas located within the identified urban growth area. The agreement shall contain a boundary adjustment staging plan that establishes a sequencing plan over the subsequent 20-year period for the orderly growth of the city based on its reasonably anticipated development pattern and ability to extend municipal services into designated unincorporated areas located within the identified urban growth area. The city shall include the staging plan agreed upon in the orderly annexation agreement in its comprehensive plan. Upon agreement by the city and town, prior adopted orderly annexation agreements may be included as part of the boundary adjustment plan and comprehensive plan without regard to whether the prior adopted agreement is consistent with this section. When either the city or town requests that an existing orderly annexation agreement affecting unincorporated areas located within an identified or proposed urban growth area be renegotiated, the renegotiated plan shall be consistent with this section.

(b) After a city's community-based comprehensive plan is approved under this section, the orderly annexation agreement shall be filed with the municipal board or its successor agency. Thereafter, the city may orderly annex the part or parts of the designated unincorporated area according to the sequencing plan and conditions contained in the negotiated orderly annexation agreement by submitting a resolution to the municipal board or its successor agency. The resolution shall specify the legal description of the area designated pursuant to the staging plan contained in the agreement, a map showing the new boundary and its relation to the existing city boundary, a description of and schedule for extending municipal services to the area, and a determination that all applicable conditions in the agreement have been satisfied. Within 30 days of receipt of the resolution, the municipal board or its successor shall review the resolution and if it finds that the terms and conditions of the orderly annexation agreement have been met, shall order the annexation. The boundary adjustment shall become effective upon issuance of an order by the municipal board or its successor. The municipal board or its successor shall cause copies of the boundary adjustment order to be mailed to the secretary of state, department of revenue, state demographer, and the department of transportation. No further proceedings under chapter 414 or 572A shall be required to accomplish the boundary adjustment. This section provides the sole method for annexing unincorporated land within an urban growth area, unless the parties agree otherwise.

(c) If a community-based comprehensive plan is updated, the parties shall renegotiate the orderly annexation agreement as needed to incorporate the adjustments and shall refile the agreement with the municipal board or its successor.

Subd. 6. REVIEW BY ADJACENT MUNICIPALITIES; CONFLICT RESOLUTION. Before a community-based comprehensive municipal plan is incorporated into the county's plan under section 394.232, subdivision 3, a municipality's community-based comprehensive municipal plan must be coordinated with adjacent municipalities within the county. As soon as practical after the development of a community-based comprehensive municipal plan, the municipality shall provide a copy of the draft plan to adjacent municipalities within the county for review and comment. An adjacent municipality has 30 days after receipt to review the plan and submit written comments.

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Subd. 7. COUNTY REVIEW. (a) If a city does not plan for growth beyond its current boundaries, the city shall submit its community-based comprehensive municipal plan to the county for review and comment. A county has 60 days after receipt to review the plan and submit written comments to the city. The city may amend its plan based upon the county's comments.

(b) If a town prepares a community-based comprehensive plan, it shall submit the plan to the county for review and comment. As provided in section 394.33, the town plan may not be inconsistent with or less restrictive than the county plan. A county has 60 days after receipt to review the plan and submit written comments to the town. The town may amend its plan based on the county's comment.

Subd. 8. COUNTY APPROVAL. (a) If a city plans for growth beyond its current boundaries, the city's proposed community-based comprehensive municipal plan and proposed urban growth area must be reviewed and approved by the county before the plan is incorporated into the county's plan. The county may review and provide comments on any orderly annexation agreement during the same period of review of a comprehensive plan.

(b) Upon receipt by the county of a community-based comprehensive plan submitted by a city for review and approval under this subdivision, the county shall, within 60 days of receipt of a city plan, review and approve the plan in accordance with this subdivision. The county shall review and approve the city plan if it is consistent with the goals stated in section 4A.08.

(c) In the event the county does not approve the plan, the county shall submit its comments to the city within 60 days. The city may, thereafter, amend the plan and resubmit the plan to the county. The county shall have an additional 60 days to review and approve a resubmitted plan. In the event the county and city are unable to come to agreement, either party may initiate the dispute resolution process contained in chapter 572A. Within 30 days of receiving notice that the other party has initiated dispute resolution, the city or county shall send notice of its intent to enter dispute resolution. If the city refuses to enter the dispute resolution process, it must refund any grant received from the county for community-based planning activities.

Subd. 9. PLAN ADOPTION. The municipality shall adopt and implement the community-based comprehensive municipal plan after the office of strategic and long-range planning has reviewed and commented on the county's plan that incorporates the municipality's plan. The municipality shall thereafter, where it deems appropriate, incorporate any comments made by the office into its plan and adopt the plan.

Subd. 10. NO MANDAMUS PROCEEDING. A mandamus proceeding may not be instituted against a municipality under this section to require the municipality to conform its community-based comprehensive plan to be consistent with the community-based planning goals in section 4A.08.

Sec. 11. Minnesota Statutes 1996, section 462.357, subdivision 2, is amended to read:

Subd. 2. GENERAL REQUIREMENTS. At any time after the adoption of a land use plan for the municipality, the planning agency, for the purpose of carrying out the policies and goals of the land use plan, may prepare a proposed zoning ordinance and submit

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it to the governing body with its recommendations for adoption. Subject to the requirements of subdivisions 3, 4 and 5, the governing body may adopt and amend a zoning ordinance by a two-thirds vote of all its members. If the comprehensive municipal plan is in conflict with the zoning ordinance, the zoning ordinance supersedes the plan. The plan must provide guidelines for the timing and sequence of the adoption of official controls to ensure planned, orderly, and staged development and redevelopment consistent with the plan.

Sec. 12. [473.1455] METROPOLITAN DEVELOPMENT GUIDE GOALS.

The metropolitan council shall amend the metropolitan development guide, as necessary, to reflect and implement the community-based planning goals in section 4A.08. The office of strategic and long-range planning shall review and comment on the metropolitan development guide. The council may not approve local comprehensive plans or plan amendments after July 1, 1999, until the metropolitan council has received and considered the comments of the office of strategic and long-range planning.

Sec. 13. ADVISORY COUNCIL ON COMMUNITY-BASED PLANNING.

Subdivision 1. ESTABLISHMENT; PURPOSE. An advisory council on community-based planning is established to provide a forum for discussion and development of the framework for community-based planning and the incentives and tools to implement the plans.

Subd. 2. DUTIES. The advisory council shall propose legislation for the 1998 legislative session relating to the framework to implement community-based planning. The advisory council shall:

(1) develop a model process to involve citizens in community-based planning from the beginning of the planning process;

(2) hold meetings statewide to solicit advice and information on how to implement community-based planning;

(3) develop specific, measurable criteria by which plans will be reviewed for consistency with the goals in Minnesota Statutes, section 4A.08, and commented on by the office of strategic and long-range planning;

(4) recommend a procedure for review and comment on community-based plans;

(5) recommend a process for coordination of plans among local jurisdictions;

(6) recommend an alternative dispute resolution method for citizens and local governments to use to challenge proposed plans or the implementation of plans;

(7) recommend incentives to encourage state agencies to implement the goals of community-based planning;

(8) recommend incentives for local governments to develop community-based plans, including for example, assistance with computerized geographic information systems, builders' remedies and density bonuses, and revised permitting processes;

(9) describe the tools and strategies that a county, city, or town may use to achieve the goals, including, but not limited to, densities, urban growth areas, purchase or transfer of development rights programs, public investment surcharges, transit and transit-oriented development, and zoning and other official controls;

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(10) recommend the time frame in which the community-based plans must be completed;

(11) consider the need for ongoing stewardship and oversight of sustainable development initiatives and the community-based planning process;

(12) review and recommend changes to the community-based planning framework established in this act; and

(13) make other recommendations to implement community-based planning as the advisory council determines would be necessary or helpful in achieving the goals.

Subd. 3. MEMBERSHIP. The advisory council consists of 18 voting members who serve at the pleasure of the appointing authority as follows:

(1) two members of the majority caucus of the house of representatives appointed by the speaker, and two members of the minority caucus appointed by the minority leader;

(2) four members of the senate appointed by the subcommittee on committees of the committee on rules and administration of the senate, two of whom shall be members of the minority caucus;

(3) the director, or the director's designee, of the office of strategic and long-range planning;

(4) three public members, at least one of whom must be knowledgeable about and have experience in local government issues or planning, appointed by the speaker of the house of representatives;

(5) three public members, at least one of whom must be knowledgeable about and have experience in local government issues or planning, appointed by the subcommittee on committees of the committee on rules and administration of the senate; and

(6) three public members, at least one of whom must be knowledgeable about and have experience in local government issues or planning, appointed by the governor.

The commissioners, or their designees, of the departments of natural resources, agriculture, transportation, and trade and economic development, and the chair, or the chair's designee, of the metropolitan council shall serve as ex-officio members.

The advisory council may form an executive committee to facilitate the work of the council.

Subd. 4. FIRST MEETING; CHAIR. The director of the office of strategic and long-range planning, or the director's designee, shall convene the first meeting of the advisory council. At its first meeting, the advisory council shall select from among its members a person to serve as chair.

Subd. 5. ADMINISTRATION. The office of strategic and long-range planning, with assistance from other state agencies and the metropolitan council as needed, shall provide administrative and staff assistance to the advisory council. The attorney general shall provide advice on legal issues to the advisory council.

Subd. 6. EXPENSES. The office of strategic and long-range planning shall compensate members of the advisory council. Members shall receive per diem and expenses as provided by Minnesota Statutes, section 15.059, subdivision 3.

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Subd. 7. EXPIRATION. This section expires June 30, 1998.

Sec. 14. CITATION.

Sections 1 to 13 may be cited as the "Community-based Planning Act."

Sec. 15. APPLICATION.

Section 12 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 16. PILOT PROJECTS ESTABLISHED.

The office of strategic and long-range planning shall establish community-based comprehensive land use planning pilot projects as specified in sections 17 to 21.

Sec. 17. PLAN SUBMITTAL; REVIEW.

A county or joint planning district participating in a pilot project must prepare a community-based comprehensive plan as specified in Minnesota Statutes, section 394.232. The county or joint powers board must submit the plan to the office of strategic and long-range planning within 24 months of the county's or district's selection as a pilot project. The office shall review each plan to determine if it is consistent with the community-based planning goals in Minnesota Statutes, section 4A.08. The office shall complete its review and comment as specified in Minnesota Statutes, section 394.232, subdivision 5.

Sec. 18. PLAN CONTENT.

Subdivision 1. GOALS. The plan must address the community-based planning goals in Minnesota Statutes, section 4A.08.

Subd. 2. MUNICIPAL AND TOWN PLAN INCORPORATION. The plan must incorporate the community-based comprehensive plan of each municipality and town in the county. Incorporation of a municipal or town plan is sufficient if the county or joint powers board adopts a resolution approving and incorporating by reference the plan or any subsequent amendments to the plan.

Subd. 3. URBAN GROWTH AREAS. The plan must identify, establish, and address urban growth areas, as defined in Minnesota Statutes, section 462.352, subdivision 18, within the county. The land outside an urban growth area must be zoned as permanent rural or agricultural land, or other appropriate land use, and must be maintained at density levels consistent with those uses. The plan must also identify the density at which the municipality wishes to develop.

Subd. 4. EXISTING PLANS. If the county has a previously adopted plan, the county board or joint powers board shall review, update, and submit to the office of strategic and long-range planning a revised plan and official controls meeting the requirements of this section, including the community-based comprehensive municipal plan for each municipality or town in the county, if any, within 24 months of the county's or district's selection as a pilot project.

Sec. 19. COORDINATION WITH ADJACENT COUNTIES.

Before submitting the community-based comprehensive plan to the office of strategic and long-range planning, the county or joint powers board shall coordinate its plan

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with adjacent counties. The adjacent counties shall review and submit written comments on the proposed plan to the board within 60 days of receiving the plan.

Sec. 20. COORDINATION WITH METROPOLITAN COUNCIL.

A county or joint planning district adjacent to the metropolitan area shall coordinate its plan with the metropolitan council, in relation to the council's development guide.

The county or joint planning district shall not submit its plan to the office of strategic and long-range planning until the metropolitan council has had 60 days for review and comment on the plan.

Sec. 21. LIMITATION ON PLAN AMENDMENT.

The county or joint powers board shall not amend its plan for an area inside an urban growth area that is outside a municipality's jurisdiction without the municipality's approval.

Sec. 22. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 5

MUNICIPAL BOARD

Section 1. Minnesota Statutes 1996, section 115.49, is amended by adding a subdivision to read:

Subd. 2a. **EXTENSION OF SERVICE.** If a determination or order is made by the pollution control agency under this section that cooperation by contract is necessary and feasible between a municipality and an unincorporated area located outside the existing corporate limits of a municipality, the municipality being required to provide or extend through a contract a governmental service to an unincorporated area, during the statutory 90-day period provided in this section to formulate a contract, may in the alternative to formulating a service contract to provide or extend the service, declare the unincorporated area as described in the pollution control agency's determination letter or order annexed to the municipality under section 414.0335.

Sec. 2. Minnesota Statutes 1996, section 414.0325, subdivision 1, is amended to read:

Subdivision 1. **INITIATING THE PROCEEDING.** One or more townships and one or more municipalities, by joint resolution, may designate an unincorporated area as in need of orderly annexation. The joint resolution will confer jurisdiction on the board over annexations in the designated area and over the various provisions in said agreement by submission of said joint resolution to the executive director. The resolution shall include a description of the designated area and the reasons for designation. Thereafter, an annexation of any part of the designated area may be initiated by:

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(1) submitting to the executive director a resolution of any signatory to the joint resolution; or

(2) the board of its own motion; or

(3) as provided in section 414.033, subdivision 2a.

Whenever the ~~pollution control agency or other a state agency pursuant to sections 115.03, 115.071, 115.49, or any law giving a state agency similar powers other than the pollution control agency,~~ orders a municipality to extend a municipal service to an area, such an order will confer jurisdiction on the Minnesota municipal board to consider designation of the area for orderly annexation.

If a joint resolution designates an area as in need of orderly annexation and states that no alteration of its stated boundaries is appropriate, the board may review and comment, but may not alter the boundaries.

If a joint resolution designates an area as in need of orderly annexation, provides for the conditions for its annexation, and states that no consideration by the board is necessary, the board may review and comment, but shall, within 30 days, order the annexation in accordance with the terms of the resolution.

Sec. 3. Minnesota Statutes 1996, section 414.033, subdivision 2b, is amended to read:

Subd. 2b. **NOTICE REQUIRED.** Before a municipality may adopt an ordinance under subdivision 2, clause (2), (3), or (4), ~~or subdivision 2a,~~ a municipality must hold a public hearing and give 30 days' written notice by certified mail to the town or towns affected by the proposed ordinance and to all landowners within and contiguous to the area to be annexed.

Sec. 4. Minnesota Statutes 1996, section 414.033, subdivision 11, is amended to read:

Subd. 11. **FLOODPLAIN; SHORELAND AREA.** When a municipality declares land annexed to the municipality under subdivision 2, clause (3), ~~or subdivision 2a,~~ and the land is within a designated floodplain, as provided by section 103F.111, subdivision 4, or a shoreland area, as provided by section 103F.205, subdivision 4, the municipality shall adopt or amend its land use controls to conform to chapter 103F, and any new development of the annexed land shall be subject to chapter 103F.

Sec. 5. Minnesota Statutes 1996, section 414.033, subdivision 12, is amended to read:

Subd. 12. **PROPERTY TAXES.** When a municipality annexes land under subdivision 2, clause (2), (3), or (4), ~~or subdivision 2a,~~ property taxes payable on the annexed land shall continue to be paid to the affected town or towns for the year in which the annexation becomes effective. Thereafter, property taxes on the annexed land shall be paid to the municipality. In the first year following the year the land was annexed, the municipality shall make a cash payment to the affected town or towns in an amount equal to 90 percent of the property taxes paid in the year the land was annexed; in the second year, an amount equal to 70 percent of the property taxes paid in the year the land was annexed; in the third year, an amount equal to 50 percent of the property taxes paid in the year the land

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was annexed; in the fourth year, an amount equal to 30 percent of the property taxes paid in the year the land was annexed; and in the fifth year, an amount equal to ten percent of the property taxes paid in the year the land was annexed. The municipality and the affected township may agree to a different payment.

Sec. 6. [414.0335] ORDERED GOVERNMENTAL SERVICE EXTENSION; ANNEXATION BY ORDINANCE.

If a determination or order by the pollution control agency, under section 115.49 or other similar statute is made, that cooperation by contract is necessary and feasible between a municipality and an unincorporated area located outside the existing corporate limits of a municipality, the municipality required to provide or extend through a contract a governmental service to an unincorporated area, during the statutory 90-day period provided in section 115.49 to formulate a contract, may in the alternative to formulating a service contract to provide or extend the service, declare the unincorporated area described in the pollution control agency's determination letter or order annexed to the municipality by adopting an ordinance and submitting it to the municipal board or its successor. The municipal board or its successor may review and comment on the ordinance but shall approve the ordinance within 30 days of receipt. The ordinance is final and the annexation is effective on the date the municipal board or its successor approves the ordinance. Thereafter, the city shall amend its comprehensive plan and official controls in accordance with chapter 462.

Sec. 7. [414.10] ALTERNATIVE PROCESS OF DISPUTE RESOLUTION.

Subdivision 1. DEFINITION. For the purposes of subdivision 2, a "party" or "parties" means a property owner or the governing body or town board of a jurisdiction that files an initiating document or a timely objection pursuant to this chapter, and the governing body or town board of the jurisdiction or jurisdictions in which the subject area is located.

Subd. 2. CHAPTER 572A PROCESS. As an alternative to the procedure provided by this chapter, a party filing an initiating document or timely objection with the municipal board may file with the bureau of mediation services a written request for mediation within 30 days of the filing as provided in section 572A.015. The request for mediation must contain the written consent of all parties to have the dispute settled through the process provided by chapter 572A. The filing party must also file written notice with the municipal board notifying the board that all parties have agreed to use the dispute resolution process in chapter 572A.

Sec. 8. [414.11] MUNICIPAL BOARD SUNSET.

The municipal board shall terminate on December 31, 1999, and all of its authority and duties under this chapter shall be transferred to the office of strategic and long-range planning according to section 15.039.

Sec. 9. REPEALER.

Minnesota Statutes 1996, section 414.033, subdivision 2a, is repealed.

Sec. 10. EFFECTIVE DATE.

Sections 1 to 8 are effective the day following final enactment. Section 9 is effective July 1, 1997.

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ARTICLE 6

DISPUTE RESOLUTION

Section 1. [572A.01] COMPREHENSIVE PLANNING DISPUTES; MEDIATION.

Subdivision 1. FILING. In the event of a dispute between a county and the office of strategic and long-range planning under section 394.232 or a county and a city under section 462.3535, regarding the development, content, or approval of a community-based comprehensive land use plan, an aggrieved party may file a written request for mediation, as provided in subdivision 2, with the bureau of mediation services at any time prior to a final action on a community-based comprehensive plan or within 30 days of a final action on a community-based comprehensive plan.

Subd. 2. MEDIATION. Within ten days of receiving a request for mediation in subdivision 1, the bureau of mediation services shall provide written notice of the request for mediation to the parties and provide a list of neutrals experienced in land use planning or local government issues obtained from the supreme court, Minnesota municipal board, bureau of mediation services, Minnesota state bar association, Hennepin county bar association, office of dispute resolution, and others. Within 30 days thereafter, the affected parties shall select a mediator from the list of neutrals or someone else acceptable to the parties and submit to mediation for a period of 30 days facilitated by the bureau. If the dispute remains unresolved after the close of the 30-day mediation period, the bureau shall prepare a report of its recommendations and transmit the report within 30 days to the parties. Within 60 days after the date of issuance of the mediator's report, the dispute shall be submitted to binding arbitration as provided in this chapter. The mediator's report submitted to the parties is informational only and is not admissible in arbitration.

Sec. 2. [572A.015] CHAPTER 414 DISPUTES; MEDIATION.

Subdivision 1. FILING. As provided by section 414.10, if an initiating document or timely objection under chapter 414 is filed with the municipal board, the filing party, jurisdiction, or jurisdictions may also file a written request for mediation with the bureau of mediation services within 30 days of filing the initiating document or timely objection. The request for mediation must contain the written consent to the mediation and arbitration process by all the parties, as defined in section 414.10, subdivision 1.

Subd. 2. MEDIATION. Within ten days of receiving a request for mediation, the bureau shall provide written notice of the request for mediation to the parties and provide a list of neutrals experienced in land use planning and local government issues obtained from the supreme court, Minnesota municipal board, bureau of mediation services, Minnesota state bar association, Hennepin county bar association, office of dispute resolution and others. Within 30 days thereafter, the affected parties, as defined in section 414.10, subdivision 1, shall select a mediator from the list of neutrals or someone else acceptable to the parties and submit to mediation for a period of 30 days facilitated by the bureau. If the dispute remains unresolved after the close of the 30-day mediation period, the bureau shall prepare a report of its recommendations and transmit the report within 30 days to the parties. Within 60 days after the date of issuance of the mediator's report, the dispute shall be submitted to binding arbitration as provided in this chapter. The mediator's report submitted to the parties is informational only and is not admissible in arbitration.

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Sec. 3. [572A.02] ARBITRATION.

Subdivision 1. SUBMITTAL TO BINDING ARBITRATION. If a dispute remains unresolved after the close of mediation, the dispute shall be submitted to binding arbitration within 60 days of issuance of the mediation report pursuant to the terms of this section and the Uniform Arbitration Act, sections 572.08–572.30, except the period may be extended for an additional 15 days as provided in this section. In the event of a conflict between the provisions of the Uniform Arbitration Act and this section, this section controls.

Subd. 2. APPOINTMENT OF PANEL. (a) The parties shall each appoint one qualified arbitrator within 30 days of issuance of the mediation report. If a party does not appoint an arbitrator within 30 days, the bureau of mediation services shall appoint a qualified arbitrator from the list of neutrals under sections 572A.01, subdivision 2, and 572A.015, subdivision 2, or someone else for the party. The parties shall notify the bureau prior to the close of the 30-day appointment period of the name and address of their respective appointed arbitrator. Each party is responsible for the fees and expenses for the arbitrator it selects.

(b) After appointment of the two arbitrators to the arbitration panel by the parties, or by the bureau should one or both of the parties fail to act, the two appointed arbitrators shall appoint a third arbitrator who must be learned in the law, within 15 days of the close of the initial 30-day arbitrator appointment period. If the arbitrators cannot agree on the selection of the third arbitrator within 15 days, the arbitrators shall jointly submit a request to the district court of the county in which the disputed area is located in accordance with the selection procedures established in section 572.10. Within 15 days of receipt of an application by the district court, the district court shall select a neutral arbitrator and notify the parties and the bureau of mediation services of the name and address of the selected arbitrator. The fees and expenses of the third arbitrator shall be shared equally by the parties. The third appointed arbitrator shall act as chair of the arbitration panel and shall conduct the proceedings. If the district court selects the third arbitrator, the date required for first hearing the matter may be extended an additional 15 days.

Subd. 3. HEARING. Except as otherwise provided, within 60 days, the matter must be brought on for hearing in accordance with section 572.12. The bureau of mediation services shall provide for the proceedings to occur in the county in which the majority of the affected property is located.

Subd. 4. CONTRACTS; INFORMATION. The arbitration panel shall have authority to contract with regional, state, county, or local planning commissions or to hire expert consultants to provide specialized information and assistance. Any member of the panel conducting or participating in any hearing shall have the power to administer oaths and affirmations, to issue subpoenas, to compel the attendance and testimony of witnesses, and the production of papers, books, and documents. Any costs related to this subdivision shall be shared equally by the parties.

Subd. 5. DECISION FACTORS. In comprehensive planning disputes, the arbitration panel shall consider the goals stated in section 4A.08 and the following factors in making a decision. In all other disputes brought under this section, the arbitration panel shall consider the following factors in making a decision:

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(1) present population and number of households, past population, and projected population growth of the subject area and adjacent units of local government;

(2) quantity of land within the subject area and adjacent units of local government; and natural terrain including recognizable physical features, general topography, major watersheds, soil conditions, and such natural features as rivers, lakes and major bluffs;

(3) degree of contiguity of the boundaries between the municipality and the subject area;

(4) present pattern of physical development, planning, and intended land uses in the subject area and the municipality including residential, industrial, commercial, agricultural, and institutional land uses and the impact of the proposed action on those land uses;

(5) the present transportation network and potential transportation issues, including proposed highway development;

(6) land use controls and planning presently being utilized in the municipality and the subject area, including comprehensive plans for development in the area and plans and policies of the metropolitan council, and whether there are inconsistencies between proposed development and existing land use controls and the reasons therefore;

(7) existing levels of governmental services being provided in the municipality and the subject area, including water and sewer service, fire rating and protection, law enforcement, street improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of said services;

(8) existing or potential environmental problems and whether the proposed action is likely to improve or resolve these problems;

(9) plans and programs by the municipality for providing needed governmental services to the subject area;

(10) an analysis of the fiscal impact on the municipality, the subject area, and adjacent units of local government, including net tax capacity and the present bonded indebtedness, and the local tax rates of the county, school district, and township;

(11) relationship and effect of the proposed action on affected and adjacent school districts and communities;

(12) adequacy of town government to deliver services to the subject area;

(13) analysis of whether necessary governmental services can best be provided through the proposed action or another type of boundary adjustment; and

(14) if only a part of a township is annexed, the ability of the remainder of the township to continue or the feasibility of it being incorporated separately or being annexed to another municipality.

Any party to the proceeding may present evidence and testimony on any of the above factors at the hearing on the matter.

Subd. 6. DECISION. The arbitrators, after a hearing on the matter, shall make a decision regarding the dispute within 60 days and transmit an order to the parties and the office of strategic and long-range planning or the municipal board. Unless appealed by

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an aggrieved party within 30 days of receipt of the arbitration panel's order by the municipal board, the municipal board shall execute an order in accordance with the arbitration panel's order and shall cause copies of the same to be mailed to all parties entitled to mailed notice, the secretary of state, the department of revenue, the state demographer, individual property owners if initiated in that manner, the affected county auditor, and any other party of record. The affected county auditor shall record the order against the affected property.

Sec. 4. [572A.03] ARBITRATION PANEL DECISION STANDARDS.

Subdivision 1. **DECISION STANDARDS.** The arbitration panel, based upon the factors in section 572A.02, subdivision 5, shall decide the matter based upon the decision standards in subdivisions 2 to 6.

Subd. 2. **COMPREHENSIVE LAND USE PLANNING.** For comprehensive land use planning disputes under section 462.3535, if a community-based comprehensive plan addresses the goals of section 4A.08 and the arbitrators find that the city's projected estimates found in its comprehensive plan are reasonable with respect to an identified urban growth area, the arbitration panel may order approval of the city plan. If the order is to approve the community-based comprehensive plan, the order shall contain notice directing the county to approve the city plan within ten days of receipt of the arbitration order. The city shall, thereafter, adopt the plan. If the order is to deny the plan, the arbitration order shall state the reasons for the denial in the order and transmit the order to the city, county, and the office of strategic and long-range planning. The city shall within 30 days of receipt of the order amend its plan and resubmit the plan to the county for review and approval under this subdivision. The county shall not unreasonably withhold approval of the plan if the resubmitted city plan is in keeping with the arbitration panel's order.

Subd. 3. **MUNICIPAL INCORPORATIONS.** For municipal incorporations under section 414.02, the arbitration panel may order the incorporation if it finds that: (1) the property to be incorporated is now, or is about to become, urban or suburban in character; (2) that the existing township form of government is not adequate to protect the public health, safety, and welfare; or (3) the proposed incorporation would be in the best interests of the area under consideration. The panel may deny the incorporation if the area, or a part of it, would be better served by annexation to an adjacent municipality. The panel may alter the boundaries of the proposed incorporation by increasing or decreasing the area to be incorporated so as to include only that property which is now, or is about to become, urban or suburban in character, or may exclude property that may be better served by another unit of government. The panel may also alter the boundaries of the proposed incorporation so as to follow visible, clearly recognizable physical features for municipal boundaries. In all cases, the panel shall set forth the factors which are the basis for the decision.

Subd. 4. **ANNEXATIONS OF UNINCORPORATED PROPERTY.** For annexations of unincorporated property under section 414.031 or 414.033, subdivisions 3 and 5, the arbitration panel may order the annexation: (1) if it finds that the subject area is now, or is about to become, urban or suburban in character; (2) if it finds that municipal government in the area proposed for annexation is required to protect the public health, safety, and welfare; or (3) if it finds that the annexation would be in the best interest of the subject area. If only a part of a township is to be annexed, the panel shall consider whether

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the remainder of the township can continue to carry on the functions of government without undue hardship. The panel shall deny the annexation if it finds that the increase in revenues for the annexing municipality bears no reasonable relation to the monetary value of benefits conferred upon the annexed area. The panel may deny the annexation: (1) if it appears that annexation of all or a part of the property to an adjacent municipality would better serve the interests of the residents of the property; or (2) if the remainder of the township would suffer undue hardship.

The panel may alter the boundaries of the area to be annexed by increasing or decreasing the area so as to include only that property which is now or is about to become urban or suburban in character or to add property of that character abutting the area proposed for annexation in order to preserve or improve the symmetry of the area, or to exclude property that may better be served by another unit of government. The panel may also alter the boundaries of the proposed annexation so as to follow visible, clearly recognizable physical features. If the panel determines that part of the area would be better served by another municipality or township, the panel may initiate and approve annexation on its own motion by conducting further hearings. In all cases, the arbitration panel shall set forth the factors that are the basis for the decision.

Subd. 5. ORDERLY ANNEXATIONS WITHIN A DESIGNATED AREA. For orderly annexations within a designated area under section 414.0325, which require a hearing, the arbitration panel may order the annexation: (1) if it finds that the subject area is now or is about to become urban or suburban in character and that the annexing municipality is capable of providing the services required by the area within a reasonable time; (2) if it finds that the existing township form of government is not adequate to protect the public health, safety, and welfare; or (3) if it finds that annexation would be in the best interests of the subject area. The board may deny the annexation if it conflicts with any provision of the joint agreement. The board may alter the boundaries of the proposed annexation by increasing or decreasing the area so as to include that property within the designated area which is in need of municipal services or will be in need of municipal services.

If the annexation is denied, no proceeding for the annexation of substantially the same area may be initiated within two years from the date of the board's order unless the new proceeding is initiated by a majority of the area's property owners and the petition is supported by affected parties to the resolution. In all cases, the arbitration panel shall set forth the factors which are the basis for the decision.

Subd. 6. CONSOLIDATION OF MUNICIPALITIES. For municipal consolidations under section 414.041, the arbitration panel shall consider and may accept, amend, return to the commission for amendment or further study, or reject the commission's findings and recommendations based upon the panel's written determination of what is in the best interests of the affected municipalities. The panel shall order the consolidation if it finds that consolidation will be for the best interests of the municipalities. In all cases, the arbitration panel shall set forth the factors that are the basis for the decision.

Subd. 7. DETACHMENT OF PROPERTY FROM A MUNICIPALITY. For detachments of property from a municipality under section 414.06, the arbitration panel may order the detachment if it finds that the requisite number of property owners have signed the petition if initiated by the property owners, that the property is rural in character and not developed for urban residential, commercial, or industrial purposes, that the

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property is within the boundaries of the municipality and abuts a boundary, that the detachment would not unreasonably affect the symmetry of the detaching municipality, and that the land is not needed for reasonably anticipated future development. The panel shall deny the detachment if it finds that the remainder of the municipality cannot continue to carry on the functions of government without undue hardship. The panel shall have authority to decrease the area of property to be detached and may include only a part of the proposed area to be detached. If the tract abuts more than one township, it shall become a part of each township, being divided by projecting through it the boundary line between the townships. The detached area may be relieved of the primary responsibility for existing indebtedness of the municipality and be required to assume the indebtedness of the township of which it becomes a part, in the proportion that the panel deems just and equitable considering the amount of taxes due and delinquent and the indebtedness of each township and the municipality affected, if any, and for what purpose the indebtedness was incurred, in relation to the benefit inuring to the detached area as a result of the indebtedness and the last net tax capacity of the taxable property in each township and municipality.

Subd. 8. CONCURRENT DETACHMENT AND ANNEXATION OF INCORPORATED PROPERTY. For concurrent detachment and annexation of incorporated property under section 414.061, subdivisions 4 and 5, the arbitration panel shall order the proposed action if it finds that it will be for the best interests of the municipalities and the property owner. In all cases, the arbitration panel shall set forth the factors which are the basis for the decision.

Sec. 5. EFFECTIVE DATE.

This article is effective the day following final enactment.

Presented to the governor May 27, 1997

Signed by the governor May 30, 1997, 1:35 p.m.

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