FIRST SPECIAL SESSION LAWS
of the
STATE OF MINNESOTA

Enacted by the Eightieth Legislature
at the First Special Session in 1998,
from April 20 to April 22

PROCLAMATION

WHEREAS: Article IV, Section 12 of the Constitution of the State of Minnesota provides that a special session of the Legislature may be called by the Governor on extraordinary occasions; and

WHEREAS: The Eightieth Legislature adjourned without enacting legislation to clarify that it is the public policy and intent of the State of Minnesota to allow recovery for fraud pursuant to Minnesota Statutes, section 604.10; and

WHEREAS: The Eightieth Legislature adjourned without enacting certain and limited legislation pertaining to Economic Development, and Early Childhood and Family Education; and

WHEREAS: The time permitted by law for passage of such legislation during the 1998 Session for the Legislature has expired, and an extraordinary occasion is thereby created; and

WHEREAS: The people of Minnesota are best served by a prompt conclusion of legislative business, and a majority of the elected leaders of the Legislature have agreed on the aforementioned limited agenda of laws to be enacted, and procedures to complete a special session;

NOW, THEREFORE I, ARNE H. CARLSON, Governor of the State of Minnesota, do hereby summon you, members of the Legislature, to convene in Special Session on April 20, 1998 at 8:00 a.m. at the Capitol in Saint Paul, Minnesota.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this twentieth day of April in the year one thousand nine hundred and ninety–eight, and of the State the one hundred thirty–ninth.

JOAN ANDERSON GROWE	ARNE H. CARLSON
SECRETARY OF STATE	GOVERNOR

SESSION LAWS

of the

STATE OF MINNESOTA

ENACTED BY THE EIGHTIETH LEGISLATURE

AT THE FIRST SPECIAL SESSION IN 1998,

FROM APRIL 20 TO APRIL 22

CHAPTER 1—S.F.No. 2

An act relating to the operation of state government; creating the Minnesota family assets for independence pilot project; appropriating money for economic development, housing, family and early childhood, and related programs; modifying community action program provisions; modifying various programs and projects; providing for a grant limit exception; amending Minnesota Statutes 1996, sections 16B.06, subdivision 2; 115C.09, by adding a subdivision; 268.52, subdivisions 1 and 2; 268.54, subdivision 2; 383B.79, subdivision 1, and by adding a subdivision; and 469.303; Minnesota Statutes 1997 Supplement, sections 115C.09, subdivision 3f; 116J.421, subdivision 1, and by adding a subdivision; 179A.03, subdivision 7; and 268.53, subdivision 5; Laws 1997, chapters 162, article 4, section 63, subdivision 2; 248, section 47, subdivision 1.

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

ARTICLE 1

COMMUNITY ACTION PROGRAMS

Section 1. Minnesota Statutes 1996, section 268.52, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** The commissioner of ~~economic security~~ children, families, and learning may provide financial assistance for community action agencies, Indian reservations ~~and the statewide migrant seasonal farmworker organization~~

~~known as the Minnesota migrant council~~, and migrant and seasonal farmworker organizations to carry out community action programs as described in section 268.54 in accordance with the omnibus reconciliation act of 1981, Public Law Number 97–35, as amended in 1984, Public Law Number 98–558, state law, and federal law and regulation.

Sec. 2. Minnesota Statutes 1996, section 268.52, subdivision 2, is amended to read:

Subd. 2. **ALLOCATION OF MONEY.** (a) State money appropriated and community service block grant money allotted to the state and all money transferred to the community service block grant from other block grants shall be allocated annually to community action agencies and Indian reservation governments under clauses (b) and (c), and to ~~the Minnesota migrant council~~ migrant and seasonal farmworker organizations under clause (d).

(b) The available annual money will provide base funding to all community action agencies and the Indian reservations. Base funding amounts per agency are as follows: for agencies with low income populations up to 3,999, $25,000; 4,000 to 23,999, $50,000; and 24,000 or more, $100,000.

(c) All remaining money of the annual money available after the base funding has been determined must be allocated to each agency and reservation in proportion to the size of the poverty level population in the agency's service area compared to the size of the poverty level population in the state.

(d) Allocation of money to ~~the Minnesota migrant council~~ migrant and seasonal farmworker organizations must not exceed three percent of the total annual money available. Base funding allocations must be made for all community action agencies and Indian reservations that received money under this subdivision, in fiscal year 1984, and for community action agencies designated under this section with a service area population of 35,000 or greater.

Sec. 3. Minnesota Statutes 1997 Supplement, section 268.53, subdivision 5, is amended to read:

Subd. 5. **FUNCTIONS; POWERS.** A community action agency shall:

(a) Plan systematically for an effective community action program; develop information as to the problems and causes of poverty in the community; determine how much and how effectively assistance is being provided to deal with those problems and causes; and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources;

(b) Encourage agencies engaged in activities related to the community action program to plan for, secure, and administer assistance available under section 268.52 or from other sources on a common or cooperative basis; provide planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertake actions to improve existing efforts to reduce poverty, such as improving day–to–day communications, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low–income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible;

(c) Initiate and sponsor projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs;

(d) Establish effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, provide for their regular participation in the implementation of those programs, and provide technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources;

(e) Join with and encourage business, labor and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to developing new employment opportunities, stimulating investment that will have a measurable impact on reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

Community action agencies, ~~the Minnesota migrant council~~ <u>migrant and seasonal farmworker organizations</u>, and the Indian reservations, may enter into cooperative purchasing agreements and self–insurance programs with local units of government. Nothing in this section expands or limits the current private or public nature of a local community action agency.

(f) Adopt policies that require the agencies to refer area residents and community action program constituents to education programs that increase literacy, improve parenting skills, and address the needs of children from families in poverty. These programs include, but are not limited to, early childhood family education programs, adult basic education programs, and other life–long learning opportunities. The agencies and agency programs, including Head Start, shall collaborate with child care and other early childhood education programs to ensure smooth transitions to work for parents.

Sec. 4. Minnesota Statutes 1996, section 268.54, subdivision 2, is amended to read:

Subd. 2. **COMPONENTS.** The components of a community action program shall be designed to assist participants, including <u>homeless individuals and families, migrant and seasonal farmworkers, and</u> the elderly poor to achieve increased self–sufficiency and greater participation in the affairs of the community by providing services and programs not sufficiently provided in the community by any governmental unit, any public institution, or any other publicly funded agency or corporation. Community action agencies, governmental units, public institutions or other publicly funded agencies or corporations shall consult on whether or not a program or service is sufficiently provided in the community.

Sec. 5. Laws 1997, chapter 248, section 47, subdivision 1, is amended to read:

Subdivision 1. **INTERIM AGE GROUPINGS; FAMILY DAY CARE.** Notwithstanding Minnesota Rules, part 9502.0315, subparts 22, 28 and 30, until June 30, ~~1998~~

1999, for the purposes of family day care and group family day care licensure the following definitions apply:

(1) "Preschooler" means a child who is at least 24 months old up to the age of being eligible to enter kindergarten within the next four months.

(2) "Toddler" means a child who is at least 12 months old but less than 24 months old, except that for purposes of specialized infant and toddler family and group family day care, "toddler" means a child who is at least 12 months old but less than 30 months old.

(3) "School age" means a child who is at least of sufficient age to have attended the first day of kindergarten, or is eligible to enter kindergarten within the next four months, but is younger than 11 years of age.

Sec. 6. **MINNESOTA FAMILY ASSETS FOR INDEPENDENCE PILOT PROJECT ESTABLISHMENT.**

The Minnesota family assets for independence initiative is established to provide incentives for low-income families to accrue assets for education, housing, and economic development purposes.

Sec. 7. **DEFINITIONS.**

Subdivision 1. **APPLICATION.** The definitions in this section apply to sections 6 to 12.

Subd. 2. **FAMILY ASSET ACCOUNT.** "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

Subd. 3. **COMMISSIONER.** "Commissioner" means the commissioner of children, families, and learning.

Subd. 4. **FIDUCIARY ORGANIZATION.** "Fiduciary organization" means:

(1) a community action agency that has obtained recognition under section 268.53;

(2) a federal community development credit union serving the seven-county metropolitan area; or

(3) a women-oriented economic development agency serving the seven-county metropolitan area.

Subd. 5. **FINANCIAL INSTITUTION.** "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

Subd. 6. **PERMISSIBLE USE.** "Permissible use" means:

(1) post-secondary educational expenses at an accredited public post-secondary institution including books, supplies, and equipment required for courses of instruction;

(2) acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs;

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

(3) business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by the fiduciary organization; and

(4) acquisition costs of a principal residence within the meaning of section 1034 of the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986.

Subd. 7. **HOUSEHOLD.** "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

Sec. 8. **GRANTS AWARDED.**

The commissioner shall allocate funds to participating fiduciary organizations to provide family asset services. Grant awards must be based on a plan submitted by a statewide organization representing fiduciary organizations. The statewide organization must ensure that any interested unrepresented fiduciary organization have input into the development of the plan. The plan must equitably distribute funds to achieve geographic balance and document the capacity of participating fiduciary organizations to manage the program and to raise the private match.

Sec. 9. **DUTIES.**

A participating fiduciary organization must:

(1) provide separate accounts for the immediate deposit of program funds;

(2) establish a process to select participants and describe any priorities for participation;

(3) enter into a family asset agreement with the household to establish the terms of participation;

(4) provide households with economic literacy education;

(5) provide households with information on early childhood family education;

(6) provide matching deposits for participating households;

(7) coordinate with other related public and private programs; and

(8) establish a process to appeal and mediate disputes.

Sec. 10. **HOUSEHOLD ELIGIBILITY; PARTICIPATION.**

Subdivision 1. **INITIAL ELIGIBILITY.** To be eligible for the family assets for independence initiative, a household must have income at or below 200 percent of the federal poverty level and assets of $25,000 or less. An individual who is a dependent of another person for federal income tax purposes may not be a separate eligible household for purposes of establishing a family asset account. An individual who is a debtor for a judgment resulting from nonpayment of a court–ordered child support obligation may not participate in this program. Income and assets are determined according to eligibility guidelines for the energy assistance program.

Subd. 2. **CONTINUED PARTICIPATION.** A participating household whose income exceeds 200 percent of the poverty level may continue to make contributions to the savings account. The amount of any contributions made during the time when a participating household's income is greater than 200 percent of the poverty level is not eligible for the match under section 11.

Subd. 3. **FAMILY PARTICIPATION.** Each participating household must sign a family asset agreement that includes the amount of scheduled deposits into its savings account, the proposed use, and the proposed savings goal. A participating household must agree to complete an economic literacy training program.

Participating households may only deposit money that is derived from household earned income or from state and federal income tax credits.

Sec. 11. **WITHDRAWAL; MATCHING; PERMISSIBLE USES.**

Subdivision 1. **WITHDRAWAL OF FUNDS.** To receive a match, a participating household must transfer funds withdrawn from a family asset account to a fiduciary organization, according to the family asset agreement. The fiduciary organization must determine if the match request is for a permissible use consistent with the household's family asset agreement.

A fiduciary organization must match the balance in the household's account, including interest, at the time of an approved withdrawal. Matches must be provided as follows:

(1) from state grant funds a matching contribution of $2 for every $1 of funds withdrawn from the family asset account equal to the lesser of $720 per year or a $3,000 lifetime limit; and

(2) from nonstate funds, a matching contribution of no less than $2 for every $1 of funds withdrawn from the family asset account equal to the lesser of $720 per year or a $3,000 lifetime limit.

Subd. 2. **VENDOR PAYMENT OF WITHDRAWN FUNDS.** Upon receipt of withdrawn funds, the fiduciary organization must make a direct payment to the vendor of the goods or services for the permissible use.

Sec. 12. **PROGRAM REPORTING.**

Each fiduciary organization operating a family assets for independence initiative must annually report to the commissioner of children, families, and learning the number of accounts, the amount of savings and matches for each account, the uses of the account, and the number of businesses, homes, and educational services paid for with money from the account, as well as other information that may be required for the state to operate the program effectively.

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 4 are effective October 1, 1998.

ARTICLE 2

FAMILY AND EARLY CHILDHOOD APPROPRIATIONS

Section 1. Laws 1997, chapter 162, article 4, section 63, subdivision 2, is amended to read:

Subd. 2. **BASIC SLIDING FEE CHILD CARE.** For child care assistance according to Minnesota Statutes, section 119B.03:

$41,751,000 1998
~~$50,751,000~~ $54,001,000 1999

Any balance in the first year does not cancel but is available the second year.

Of this appropriation, the department shall allocate the amount necessary to administer the at–home child care program under section 22.

The increase in the fiscal year 1999 appropriation is for child care assistance under Minnesota Statutes, section 119B.03, to provide uninterrupted assistance for families completing transition year child care assistance in fiscal year 1999. The commissioner shall implement procedures to ensure this assistance.

$3,250,000 of the fiscal year 1999 appropriation is a one–time appropriation.

Sec. 2. **APPROPRIATIONS.**

Subdivision 1. **DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.** The sums indicated in this section are appropriated from the general fund to the commissioner of children, families, and learning for the fiscal years and for the purposes indicated.

Subd. 2. **EMERGENCY SERVICES GRANTS.** For emergency services grants under Laws 1997, chapter 162, article 3, section 7:

$ 300,000 1999

This is a one–time appropriation for fiscal year 1999.

Subd. 3. **TRANSITIONAL HOUSING.** For transitional housing programs according to Minnesota Statutes, section 268.38:

$ 300,000 1999

This is a one–time appropriation.

Subd. 4. **LEAD HAZARD REDUCTION.** For the lead abatement program under Minnesota Statutes, section 268.92:

$ 100,000 1999

This appropriation must be used for the swab team service program to provide lead cleanup and lead hazard reduction services in geographic areas where the residents have a high risk of elevated blood lead levels.

Of this amount, 25 percent is for a grant to the city of St. Louis Park to conduct lead testing and cleanup in the residential neighborhoods contaminated by an industrial lead site. The remaining amount is for a nonprofit organization that is currently operating the CLEARCorps lead hazard reduction project and is willing to expand its geographic service area.

This is a one-time appropriation.

Subd. 5. **HEAD START AND ECFE.** For competitive grants for programs for children ages 0 to 3:

$ 250,000 1999

A Head Start and an early childhood family education program must jointly apply for grants from this appropriation. Grant awards must be used to expand collaborative programming involving both early childhood family education and Head Start for children under the age of three.

This is a one-time appropriation.

Sec. 3. **APPROPRIATION; ADMINISTRATION OF ABUSED CHILDREN PROGRAMS.**

Of the amount appropriated under Laws 1997, chapter 162, article 2, section 31, subdivision 8, up to $134,000 for fiscal year 1998 and up to $134,000 for fiscal year 1999 may be used for state costs to administer abused children programs under Minnesota Statutes, sections 119A.20 to 119A.23.

Sec. 4. **APPROPRIATION; ADMINISTRATION OF DRUG POLICY AND VIOLENCE PREVENTION PROGRAMS.**

Of the amount appropriated under Laws 1997, chapter 162, article 2, section 31, subdivision 9, up to $305,000 for fiscal year 1998 and up to $305,000 for fiscal year 1999 may be used for state costs to administer drug policy and violence prevention programs under Minnesota Statutes, sections 119A.25 to 119A.29 and 119A.32 to 119A.34.

Sec. 5. **APPROPRIATION; ADMINISTRATION OF THE CHILDREN'S TRUST FUND.**

Of the amount appropriated under Laws 1997, chapter 162, article 2, section 31, subdivision 10, up to $22,000 for fiscal year 1998 and up to $22,000 for fiscal year 1999 may be used for state costs to administer the children's trust fund under Minnesota Statutes, sections 119A.10 to 119A.17.

Of the amount in the special revenue account from fees under Minnesota Statutes, section 144.226, subdivision 3, up to $120,000 for fiscal year 1998 and $120,000 for fiscal year 1999 may be used for operating costs of the children's trust fund.

Sec. 6. **EFFECTIVE DATE.**

Sections 3 to 5 are effective the day following final enactment.

ARTICLE 3

ECONOMIC DEVELOPMENT

Section 1. **ECONOMIC DEVELOPMENT APPROPRIATIONS.**

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, 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. The term "first year" means the fiscal year ending June 30, 1998, and "second year" means the fiscal year ending June 30, 1999.

SUMMARY BY FUND

		1998		1999
General	$	359,000	$	3,841,000
TOTAL		359,000		3,841,000

		APPROPRIATIONS Available for the Year Ending June 30		
		1998		1999
Sec. 2. DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT	$	-0-	$	580,000

The amounts that may be spent from this appropriation for each purpose is specified in the following paragraphs.

(a) Neighborhood Development Center, Inc.

$80,000 in 1999 making a grant to the Neighborhood Development Center, Inc. The center shall use the grant for the purpose of expanding and improving its neighborhood and ethnic-based entrepreneur training, lending, and support programs in the poorest communities of Minneapolis and St. Paul. This appropriation is a one-time appropriation and is not added to the department's budget base.

(b) Biomass Energy Project

$500,000 in 1999 is for a grant to the Granite Falls economic development authority for the development of a farm-grown, closed loop biomass energy project. The grant may be used to manage the development, seek financing and equity participation, reimburse costs of third–party due diligence exercises, and perform environmental review and permitting. This is a one–time appropriation and is not added to the department's budget base.

(c) Minnesota Trade Office

The appropriation in Laws 1997, chapter 200, article 1, section 2, subdivision 3, to the department of trade and economic development for the Minnesota trade office for a multifaceted program to develop trade with China is available until June 30, 1999.

Sec. 3. MINNESOTA WORLD TRADE CENTER CORPORATION	155,000	–0–

$155,000 is appropriated in 1998 for full and final payments of the remaining 1988 debt of the Minnesota World Trade Center Corporation which was incurred for conference center furniture, fixtures, and equipment. This appropriation is available immediately. This is a one–time appropriation and is not added to the department's budget base.

Sec. 4. DEPARTMENT OF ECONOMIC SECURITY	–0–	2,326,000

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

(a) Vocational Rehabilitation

$1,000,000 in 1999 to the vocational rehabilitation program to be added to the appropriation for rehabilitation services provided in Laws 1997, chapter 200, article 1, section 5, subdivision 2, and is added to the department's budget base.

(b) Summer Youth Employment

$1,000,000 in 1999 is for summer youth employment programs. This is a one–time appropriation and is available immediately and is available until June 30, 1999.

(c) Advocating Change Together, Inc.

$126,000 in 1999 is for a grant to Advocating Change Together, Inc. (ACT). The grant must be used for (1) the training and empowerment of individuals with developmental and other mental health disabilities, including mental illnesses that are serious and persistent, that are chronic, or that pose a risk of hospitalization; (2) the maintenance of related data; or (3) technical assistance for work advancement or additional workforce training. This is a one–time appropriation and is not added to the department's budget base.

(d) Displaced Homemakers Empowerment

$200,000 in 1999 is for displaced homemaker programs under Minnesota Statutes, section 268.96, and is a one–time appropriation and not added to the department's budget base. This appropriation is for grants to operate a community work empowerment support group demonstration project and is in addition to the appropriation for that purpose contained in Laws 1997, chapter 200, article 1, section 4, subdivision 4.

Sec. 5. PUBLIC UTILITIES COMMISSION	204,000	189,000

This appropriation is for costs associated with the regulation of utilities. Notwithstanding any other law, these amounts may not be billed back to utility companies.

Sec. 6. MINNESOTA HISTORICAL SOCIETY	–0–	646,000

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

(a) Salary Adjustment

$571,000 in 1999 is for salary adjustments. This is a one–time appropriation and is not added to the society's budget base.

(b) Hmong Archives

$75,000 in 1999 is for start–up costs for the Hmong history and culture archival project.

The society may make grants to nonprofit organizations for planning, training, and purchase of supplies and equipment. This is a one–time appropriation and is not added to the society's budget base.

Sec. 7. SUPREME COURT	–0–	100,000

$100,000 in 1999 is for the community justice system collaboration team in the judicial branch. This is a one–time appropriation and is not added to the budget base.

Sec. 8. **JUDY GARLAND CHILDREN'S MUSEUM.**

The appropriation in Laws 1997, chapter 200, article 1, section 2, subdivision 2, to the commissioner of trade and economic development for the Judy Garland Children's Museum is available until and may be matched until June 30, 1999.

Sec. 9. **LEROY NIEMAN MUSEUM OF ART.**

The appropriation in Laws 1997, chapter 200, article 1, section 2, subdivision 4, to the commissioner of trade and economic development for a grant to the LeRoy Nieman Museum of Art is available until and may be matched until June 30, 1999.

Sec. 10. **NEWPORT.**

The city of Newport may include in–kind resources and money raised or contributed during a period beginning January 1, 1993, in determining its required match for the appropriation to the city in Laws 1997, chapter 200, article 1, section 2, subdivision 2.

Sec. 11. **TRAINING FOR HMONG AND LAOTIAN WOMEN.**

$100,000 of the appropriation in fiscal year 1999 for the Job Training Partnership Act program in Laws 1997, chapter 200, article 1, section 5, subdivision 4, is available to the Women's Association of Hmong and Lao to provide employment and training to eligible Hmong and Laotian women.

Sec. 12. **BOUNDARY EXTENSION.**

The boundaries of the North Mississippi Regional Park are extended to include 49th Avenue North and adjacent property from Humboldt Avenue east to the Mississippi river. Funds appropriated for the North Mississippi Regional Park may be expended to create a trail or greenway as part of the Hennepin county multijurisdictional program on 49th Avenue North and adjacent property as an entrance to the North Mississippi Regional Park.

Sec. 13. **MINNESOTA INVESTMENT FUND; SOYBEAN OILSEED PROCESSING FACILITY.**

Notwithstanding the grant limit in Minnesota Statutes, section 116J.8731, subdivision 5, a grant of up to $1,000,000 may be made to a political subdivision that is chosen as a site for a soybean oilseed processing facility, constructed by a Minnesota–based cooperative. The grant may be used for site preparation, predevelopment, and other infrastructure improvements, including public and private utility improvements, that are necessary for development of the oilseed processing facility. The grant may be made any time until December 31, 2000.

Sec. 14. **BIOMASS PROJECT; WAIVER OF FEES AUTHORIZED.**

The Minnesota environmental quality board may waive fees under Minnesota Statutes, chapter 116C, for permits necessary for construction to commence on a biomass energy project that plans to use alfalfa for a primary fuel source.

Sec. 15. Minnesota Statutes 1996, section 16B.06, subdivision 2, is amended to read:

Subd. 2. **VALIDITY OF STATE CONTRACTS.** (a) A state contract or lease is not valid and the state is not bound by it until:

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

(2) it has been approved by the commissioner or a delegate, under this section;

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

(4) the account system shows an allotment or encumbrance balance for the full amount of the contract liability.

(b) Paragraph (a), clause (2), does not apply to contracts between state agencies, contracts awarding grants, ~~or~~ contracts making loans, or bond purchase agreements by the department of trade and economic development or the Minnesota public facilities authority.

(c) The head of the agency may delegate the execution of specific contracts or specific types of contracts to a designated subordinate within the agency if the delegation has been approved by the commissioner of administration and filed with the secretary of state. The fully executed copy of every contract or lease must be kept on file at the contracting agency.

Sec. 16. Minnesota Statutes 1997 Supplement, section 115C.09, subdivision 3f, is amended to read:

Subd. 3f. **REIMBURSEMENTS; SMALL GASOLINE RETAILERS.** (a) As used in this subdivision, "small gasoline retailer" means a ~~responsible person~~ tank owner or operator who owns ~~no more than~~ only one location in this state, and no locations in any other state, where motor fuel was dispensed to the public into motor vehicles, watercraft, or aircraft ~~in the previous year~~, and who dispensed motor fuel at that location.

(b) Notwithstanding subdivision 1, paragraph (b), clause (1), for eligible applicants who are small gasoline retailers that have dispensed less than 500,000 gallons of motor fuel during the most recent calendar year that petroleum products were dispensed at the location owned by the retailer, the board shall reimburse the applicant for 90 percent of the applicant's total reimbursable cost for tank removal projects started after January 1, ~~1997~~ 1996, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility service restoration costs, regardless of whether a release has occurred at the site, provided that the tank involved is a regulated underground storage tank.

(c) Notwithstanding subdivision 1, paragraph (b), clause (1), for eligible applicants who are small gasoline retailers that have dispensed less than 250,000 gallons of motor fuel during the most recent calendar year that petroleum products were dispensed at the location owned by the retailer, provided that the tank involved is a regulated underground storage tank, the board shall reimburse the applicant for 95 percent of the following costs:

(1) tank removal costs described in paragraph (b); and

(2) petroleum contamination cleanup as provided under subdivision 1 incurred during or after the tank removal project.

(d) An applicant who owns only one location in this or any other state where motor fuel was dispensed to the public into motor vehicles, watercraft, or aircraft but who did not dispense motor fuel at that location may qualify as a small gasoline retailer if:

(1) the previous tank owner or operator at the location was a small gasoline retailer that dispensed less than 500,000 gallons of motor fuel during the most recent calendar year that petroleum products were dispensed at the location; and

(2) the applicant acquired legal or equitable title to the property after January 1, 1996.

(e) This subdivision expires January 1, 2000.

Sec. 17. Minnesota Statutes 1996, section 115C.09, is amended by adding a subdivision to read:

Subd. 3g. **REIMBURSEMENTS; SMALL BUSINESS OWNERS.** (a) As used in this subdivision, "small business owner" means a person:

(1) who has no more than $250,000 per year in sales;

(2) who owns no more than one location where motor fuel was previously dispensed to the public into motor vehicles;

(3) who did not dispense motor fuel at that location; and

(4) whose tanks were never registered with the state.

(b) Notwithstanding subdivision 1, paragraph (b), clause (1), the board shall reimburse an eligible applicant who is a small business owner for 90 percent of the applicant's total reimbursable cost for tank removal projects started after January 1, 1998, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility service restoration costs, regardless of whether a release has occurred at the site, and provided that the person does not intend to replace the tanks.

Sec. 18. Minnesota Statutes 1997 Supplement, section 116J.421, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHED.** The rural policy and development center is established at Mankato State University.

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

The center may be established by the board as a nonprofit corporation under section 501(c)3 of the Internal Revenue Code or the board may organize and operate the center in a manner and form that the board determines best allows the center to carry out its duties.

Sec. 19. Minnesota Statutes 1997 Supplement, section 116J.421, is amended by adding a subdivision to read:

Subd. 5. **POWERS.** The board has the power to do all things reasonable and necessary to carry out the duties of the center including, without limitation, the power to:

(1) enter into contracts for goods or services with individuals and private and public entities;

(2) sue and be sued;

(3) acquire, hold, lease, and transfer any interest in real and personal property;

(4) accept appropriations, gifts, grants, and bequests;

(5) hire employees; and

(6) delegate any of its powers.

Sec. 20. Minnesota Statutes 1997 Supplement, section 179A.03, subdivision 7, is amended to read:

Subd. 7. **ESSENTIAL EMPLOYEE.** "Essential employee" means firefighters, peace officers subject to licensure under sections 626.84 to 626.863, guards at correctional facilities, confidential employees, supervisory employees, assistant county attorneys, assistant city attorneys, principals, and assistant principals. However, for state employees, "essential employee" means all employees in law enforcement, health care professionals, correctional guards, professional engineering, and supervisory collective bargaining units, irrespective of severance, and no other employees. For University of Minnesota employees, "essential employee" means all employees in law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. "Firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires.

Sec. 21. Minnesota Statutes 1996, section 383B.79, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM CREATED.** A multijurisdictional reinvestment program involving Hennepin county, the cities of Minneapolis, Brooklyn Center, and other interested statutory or home rule charter cities in Hennepin county, the Minneapolis park board, and the suburban Hennepin county park district is created. The multijurisdictional program must include plans for housing rehabilitation and removals, industrial polluted land cleanup, water ponding, environmental cleanup, community corridor connections, corridor planning, creation of green space, acquisition of property, development and redevelopment of parks and open space, water quality and lakeshore improvement, development and redevelopment of housing and existing commercial projects, and job creation.

Sec. 22. Minnesota Statutes 1996, section 383B.79, is amended by adding a subdivision to read:

Subd. 4. **ADMINISTRATION.** The board of county commissioners shall administer the program and funds and bond for projects in this section either as a county board or a housing and redevelopment authority. The board of county commissioners may acquire property in connection with the project known as the Humboldt Avenue Greenway from any funds under its control.

Sec. 23. Minnesota Statutes 1996, section 469.303, is amended to read:

469.303 **ELIGIBILITY REQUIREMENTS.**

An area within the city is eligible for designation as an enterprise zone if the area (1) includes census tracts eligible for a federal empowerment zone or enterprise community as defined by the United States Department of Housing and Urban Development under Public Law Number 103–66, notwithstanding the maximum zone population standard under the federal empowerment zone program for cities with a population under 500,000 ~~or~~, (2) is an area within a city of the second class that is designated as an economically depressed area by the United States Department of Commerce, or (3) includes property located in St. Paul in a transit zone as defined in section 473.3915, subdivision 3.

Sec. 24. **LOCAL APPROVAL; EFFECTIVE DATE.**

Sections 21 and 22 are effective the day after the Hennepin county board complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. **EFFECTIVE DATE.**

All provisions making appropriations for fiscal year 1998, or that are to be available immediately, are effective the day following final enactment.

ARTICLE 4

HOUSING

Section 1. **HOUSING APPROPRIATIONS.**

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, 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. The term "first year" means the fiscal year ending June 30, 1998, and "second year" means the fiscal year ending June 30, 1999.

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

SUMMARY BY FUND

		1998		1999
General	$	–0–	$	3,600,000
TOTAL		–0–		3,600,000

		APPROPRIATIONS Available for the Year Ending June 30 1998		1999
Sec. 2. MINNESOTA HOUSING FINANCE AGENCY	$	–0–	$	3,600,000

The amounts that may be spent from this appropriation for certain programs are specified below.

This appropriation is for transfer to the housing development fund for the programs specified and is a one–time appropriation and is not added to the agency's budget base.

(a) Affordable Rental Investment Fund and Community Rehabilitation Fund

$3,300,000 in 1999 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to be allocated according to the geographic distribution requirements in the appropriation for the affordable rental investment program in Laws 1997, chapter 200, article 1, section 6, and for the community rehabilitation program under Minnesota Statutes, section 462A.206. Notwithstanding section 462A.206, this appropriation shall be used to provide housing for families and persons with incomes less than or equal to 80 percent of the Twin Cities metropolitan area median income applied statewide. The agency must give preference to economically viable projects in which there is a contribution from nonstate sources. Of this amount, the agency may use up to $500,000 to fund projects in cities of the first class if the projects use innovative urban design elements, comprehensive community planning, or help leverage federal funds from the federal home ownership zone program.

(b) Family Homeless Prevention
and Assistance Program

$300,000 in 1999 is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204 and is added to the appropriation for this program in Laws 1997, chapter 200, article 1, section 6.

Presented to the governor April 22, 1998

Signed by the governor April 22, 1998, 9:58 p.m.

CHAPTER 2—S.F.No. 1

An act relating to civil actions; clarifying the effect of the economic loss statute on actions based upon fraud or intentional misrepresentation; amending Minnesota Statutes 1996, section 604.10.

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

Section 1. Minnesota Statutes 1996, section 604.10, is amended to read:

604.10 **ECONOMIC LOSS ARISING FROM THE SALE OF GOODS.**

(a) Economic loss that arises from a sale of goods that is due to damage to tangible property other than the goods sold may be recovered in tort as well as in contract, but economic loss that arises from a sale of goods between parties who are each merchants in goods of the kind is not recoverable in tort.

(b) Economic loss that arises from a sale of goods, between merchants, that is not due to damage to tangible property other than the goods sold may not be recovered in tort.

(c) The economic loss recoverable in tort under this section does not include economic loss due to damage to the goods themselves.

(d) The economic loss recoverable in tort under this section does not include economic loss incurred by a manufacturer of goods arising from damage to the manufactured goods and caused by a component of the goods.

(e) This section shall not be interpreted to bar tort causes of action based upon fraud or fraudulent or intentional misrepresentation or limit remedies for those actions.

Sec. 2. **LEGISLATIVE INTENT.**

The amendment in section 1 is intended to clarify, rather than to change, the original intent of Minnesota Statutes, section 604.10.

Sec. 3. **REVISOR'S INSTRUCTION.**

In the next and subsequent editions of Minnesota Statutes, the revisor shall insert an annotation to Minnesota Statutes, section 336.2–721, alerting the reader to Minnesota Statutes, section 604.10, and the interrelationship of the two sections.

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