

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

**ENACTED BY THE EIGHTY-SECOND LEGISLATURE**  
**AT THE REGULAR SESSION IN 2002,**  
**FROM JANUARY 29 TO MAY 20**

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**CHAPTER 219—S.F.No. 2655**

*An act relating to rulemaking; extending the authority of the board of physical therapy to adopt rules on licensee ethics.*

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

**Section 1. EXTENSION OF RULEMAKING AUTHORITY.**

Notwithstanding the lapse of the time limit to adopt rules under Minnesota Statutes, section 14.125, the board of physical therapy's authority to adopt rules under Minnesota Statutes, section 148.66, clause (7), is extended for 18 months following the effective date of this section.

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

Presented to the governor February 25, 2002

Signed by the governor February 27, 2002, 2:27 p.m.

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**CHAPTER 220—H.F.No. 351**

*An act relating to the financing of state government; changing appropriations to reflect forecast changes; reducing appropriations for the fiscal years ending June 30, 2002 and 2003; canceling balances and appropriations and transferring balances to the general fund in order to avert a deficit; eliminating certain adjustments for inflation in future fiscal years; providing for*

family and early childhood education appropriation adjustments, kindergarten through grade 12 appropriation adjustments, kindergarten through grade 12 forecast adjustments, higher education, corrections, public safety and transportation and other agency appropriations, environment and natural resources, agricultural and rural development, state government appropriations, courts, economic development, cancellations, transfers, and adjustments, continuing care and long-term care, health care, miscellaneous health, health and human services appropriations; changing certain fees; appropriating money; amending Minnesota Statutes 2000, sections 13.871, subdivision 5; 15.0591, subdivision 2; 16A.103, subdivisions 1a, 1b; 16A.152, subdivision 1; 16A.40; 41A.09, subdivision 3a; 62J.692, subdivision 4; 82.34, subdivision 3; 85A.02, subdivision 17; 115A.554; 120A.34; 120B.13, subdivision 3; 124D.385, subdivision 2; 124D.86, subdivisions 4, 5; 135A.15, subdivision 1; 136F.68; 144.395, subdivision 1; 145.9266, subdivision 3; 168A.40, subdivision 4; 251.013; 252.282, subdivisions 1, 3, 4, 5; 256.9657, subdivision 1; 256.9753, subdivision 3; 256B.059, subdivisions 1, 3, 5; 256B.0595, subdivision 4; 256B.0916, subdivision 5; 256B.19, subdivisions 1, 1d; 256B.32; 256B.431, subdivision 23, by adding a subdivision; 256B.5013, subdivisions 2, 4, 5, 6; 256B.69, subdivision 5a, by adding subdivisions; 256L.07, subdivisions 1, 3; 256L.12, subdivision 9; 256L.15, subdivision 3; 260C.163, subdivision 3; 299F.011, by adding a subdivision; 299L.02, subdivision 7; 299L.07, subdivision 5; 357.021, subdivision 2; 357.022; 490.123, by adding a subdivision; 611.17; 611A.371, subdivision 1; 611A.373; 611A.72; 611A.73, subdivision 2, by adding a subdivision; 611A.74, subdivisions 2, 3, 4, 5, 6; Minnesota Statutes 2001 Supplement, sections 16A.152, subdivisions 1a, 2; 16A.88, subdivision 1; 16B.65, subdivisions 1, 5a; 17.117, subdivision 5a; 62J.692, subdivision 7; 62J.694, subdivision 2a; 93.2235, subdivision 1; 115A.545, subdivisions 1, 2; 123B.54; 126C.05, subdivision 15; 136A.121, subdivision 6; 136A.124, subdivisions 2, 4; 136G.03, subdivision 25; 136G.07, subdivision 1; 136G.09, subdivision 8; 171.29, subdivision 2; 242.192; 244.054, subdivision 2; 256.01, subdivision 2; 256.022, subdivision 1; 256.969, subdivision 3a; 256B.056, subdivision 3; 256B.0595, subdivisions 1, 2; 256B.0625, subdivision 13; 256B.437, subdivision 2; 256B.439, subdivisions 1, 4; 256B.5013, subdivision 1; 256B.69, subdivisions 5b, 5c; 256B.75; 256L.15, subdivision 1; 260B.007, subdivision 16; 260C.141, subdivision 3; 299A.75, subdivision 1; 611A.372; 611A.74, subdivision 1; Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 7; Laws 1998, chapter 404, section 23, subdivision 6; Laws 2000, chapter 489, article 1, section 36; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivisions 3, 7, 8, 9, 11; Laws 2001, First Special Session chapter 3, article 1, section 18; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivisions 3, 5; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3; Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 6; Laws 2001, First Special Session chapter 3, article 4, section 5, subdivisions 2, 4; Laws 2001, First Special Session chapter 4, article 1, section 4, subdivision 6; Laws 2001, First Special Session chapter 4, article 3, section 1; Laws 2001, First Special Session chapter 4, article 3, section 2, subdivision 1; Laws 2001, First Special Session chapter 4, article 3, section 3; Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivisions 2, 4, 5, 6, 7; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivisions 2, 4, 5, 7, 8, 11, 15, 18, 23, 25, as amended, 29; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivisions 2, 3, 4, 5, 7, 11; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivisions 2, 3, 5, 6; Laws 2001, First Special Session chapter 6, article 5, section 13, subdivisions 2, 5; Laws 2001, First Special Session chapter 6, article 7, section 13, as amended; Laws 2001, First Special Session chapter 6, article 7, section 14; Laws 2001, First Special Session chapter 8, article 4, section 10, subdivisions 1, 7; Laws 2001, First Special Session chapter 8, article 4, section 11; Laws 2001, First Special Session chapter 8, article 11, section 14; Laws 2001, First Special Session chapter 9, article 2, section 7, the effective date; Laws 2001, First Special Session chapter 9, article 5, section 35; proposing coding for new law

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

*in Minnesota Statutes, chapter 126C; repealing Minnesota Statutes 2000, sections 13.202, subdivision 8; 41B.047, subdivision 2; 103B.3369, subdivisions 7, 8; 103B.351; 103F.461; 103G.2373; 144.6905; 145.475; 256.9731; 256B.0916, subdivision 1; 256K.01; 256K.015; 256K.02; 256K.03, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12; 256K.04; 256K.05; 256K.06; 256K.08; 256K.09; 465.795; 465.796; 465.797; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.83; 465.87; 465.88; 490.123, subdivision 1d; 611A.37, subdivisions 6, 7; 611A.375; 611A.74, subdivision 1a; Minnesota Statutes 2001 Supplement, sections 4.50; 16A.1523; 256K.03, subdivision 1; 256K.07; 256L.03, subdivision 5a; 469.1799, subdivisions 1, 3; Laws 1997, chapter 183, article 2, section 19; Laws 1999, chapter 152, as amended; Laws 2000, chapter 447, section 25; Laws 2001, First Special Session chapter 3, article 3, section 8; Laws 2001, First Special Session chapter 6, article 1, section 31; Laws 2001, First Special Session chapter 9, article 13, sections 22, 25, 26, 27, 28; Minnesota Rules, parts 8405.0100; 8405.0110; 8405.0120; 8405.0130; 8405.0140; 8405.0150; 8405.0160; 8405.0170; 8405.0180; 8405.0190; 8405.0200; 8405.0210; 8405.0220; 8405.0230.*

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

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## ARTICLE 1

### SUMMARY (General Fund Only, After Forecast Adjustments)

	2002	2003	BIENNIAL TOTAL
<b>APPROPRIATIONS</b>			
Early Education	\$ (100,000)	\$ (3,900,000)	\$ (4,000,000)
K-12 Education	(4,979,000)	(9,947,000)	(14,926,000)
Higher Education	(2,744,000)	(47,256,000)	(50,000,000)
Corrections	(5,165,000)	(11,489,000)	(16,654,000)
Transportation and Public Safety	(2,018,000)	(6,932,000)	(8,950,000)
Environment and Natural Resources	(103,000)	(12,797,000)	(12,900,000)
Agriculture	(469,000)	(1,227,000)	(1,696,000)
State Government	(14,695,000)	(30,005,000)	(44,700,000)
Courts		(1,592,000)	(1,592,000)
Economic Development	(1,899,000)	(3,594,000)	(5,943,000)

Health and Human Services	(1,386,000)	(54,038,000)	(55,424,000)
<b>SUBTOTAL</b>	<b>\$ (33,558,000)</b>	<b>\$ (182,777,000)</b>	<b>\$ (216,335,000)</b>
<b>CANCELLATIONS</b>	<b>(1,167,667,000)</b>	<b>(108,000,000)</b>	<b>(1,275,667,000)</b>
<b>TRANSFERS IN</b>	<b>(84,168,000)</b>	<b>(233,946,000)</b>	<b>(318,114,000)</b>
<b>TOTAL</b>	<b>\$(1,285,393,000)</b>	<b>\$ (524,723,000)</b>	<b>\$(1,810,116,000)</b>

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## ARTICLE 2

### FAMILY AND EARLY CHILDHOOD EDUCATION APPROPRIATION ADJUSTMENTS

Section 1. Laws 2000, chapter 489, article 1, section 36, is amended to read:

**Sec. 36. MFIP SOCIAL SERVICES CHILD CARE SUNSET AND REPORT.**

Minnesota Statutes, section 119B.05, subdivision 1, clause (5), expires on June 30, 2003. MFIP social services child care must be paid for with the appropriations under section 45, subdivision 3. Priority must be given to mental health services and chemical dependency services. ~~Any amount that is not needed for MFIP social services child care must be used for child care assistance under Minnesota Statutes, section 119B.03.~~ The commissioner of children, families, and learning must notify the chairs of the family and early childhood committees in the house and the senate if expenditures for MFIP social services child care are expected to exceed appropriations under section 45, subdivision 3. The commissioner shall report to the legislature by January 15, 2003, on the use of MFIP social services child care with recommendations on the need for social services child care and its effectiveness in promoting self-sufficiency.

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

Sec. 2. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 3, is amended to read:

Subd. 3. **EARLY CHILDHOOD FAMILY EDUCATION AID.** For early childhood family education aid according to Minnesota Statutes, section 124D.135:

\$20,758,000	\$20,725,000	.....	2002
\$20,663,000	<u>\$20,624,000</u>	.....	2003

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

The 2002 appropriation includes \$2,036,000 for 2001 and \$18,722,000 \$18,689,000 for 2002.

The 2003 appropriation includes ~~\$2,081,000~~ \$2,076,000 for 2002 and ~~\$18,582,000~~ \$18,548,000 for 2003.

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

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

Sec. 3. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 7, is amended to read:

Subd. 7. **SCHOOL AGE CARE AID.** For school age care aid according to Minnesota Statutes, section 124D.22:

\$221,000	.....	2002	
<del>\$133,000</del>	<u>\$100,000</u>	.....	2003

The 2002 appropriation includes \$30,000 for 2001 and \$191,000 for 2002.

The 2003 appropriation includes \$21,000 for 2002 and ~~\$112,000~~ \$79,000 for 2003.

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

Sec. 4. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 8, is amended to read:

Subd. 8. **BASIC SLIDING FEE.** For child care assistance according to Minnesota Statutes, section 119B.03:

\$51,999,000	.....	2002	
<del>\$51,999,000</del>	<u>\$48,499,000</u>	.....	2003

Beginning in fiscal year 2004, the base appropriation is \$48,499,000.

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

Sec. 5. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 9, is amended to read:

Subd. 9. **MFIP CHILD CARE.** For child care assistance according to Minnesota Statutes, section 119B.05:

<del>\$82,253,000</del>	<u>\$69,201,000</u>	.....	2002
<del>\$78,606,000</del>	<u>\$77,122,000</u>	.....	2003

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

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

Sec. 6. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 11, is amended to read:

Subd. 11. **CHILD CARE SERVICE GRANTS.** For child care development activities under child care service grants according to Minnesota Statutes, section 119B.21:

\$1,865,000	.....	2002	
<del>\$1,865,000</del>	<u>\$1,365,000</u>	.....	2003

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

Beginning in fiscal year 2004, the base is \$1,365,000 from the general fund.

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

Sec. 7. Laws 2001, First Special Session chapter 3, article 1, section 18, is amended to read:

**Sec. 18. SPECIAL REVENUE; CHILD SUPPORT COLLECTIONS.**

Subdivision 1. **DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.** Appropriations in this section are from child support collection payments in the special revenue fund pursuant to Minnesota Statutes, section 119B.074. The sums indicated are appropriated to the department of children, families, and learning for the fiscal years designated.

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

\$2,441,439	.....	2002	
<del>\$2,340,251</del>	<u>\$2,840,251</u>	.....	2003

Sec. 8. Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 3, is amended to read:

Subd. 3. **TRANSITION YEAR FAMILIES.** To provide uninterrupted assistance under Minnesota Statutes, section 119B.03, for families completing transition year child care assistance:

<del>\$3,620,000</del>	<u>\$1,404,000</u>	.....	2002
<del>\$4,040,000</del>	<u>\$1,357,000</u>	.....	2003

Any balance in the first year does not cancel but is available in the second year. Any unspent balance from the appropriations for 2002 and 2003 is returned to the TANF reserve. TANF dollars appropriated for this purpose in 2001 which are not encumbered by January 1, 2002, are returned to the TANF reserve.

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

Sec. 9. Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 5, is amended to read:

Subd. 5. **MFIP SOCIAL SERVICES CHILD CARE.** For social services child care costs of eligible MFIP participants under Minnesota Statutes, section 119B.05, subdivision 1, clause (5):

<del>\$3,297,000</del>	<u>\$973,000</u>	.....	2002
<del>\$2,865,000</del>	<u>\$997,000</u>	.....	2003

Any balance in the first year does not cancel but is available in the second year. Any unspent balance from the appropriations for 2002 and 2003 is returned to the TANF reserve. TANF dollars appropriated for this purpose in 2001 which are not encumbered by January 1, 2002, are returned to the TANF reserve.

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

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

Sec. 10. Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3, is amended to read:

Subd. 3. **COMMUNITY EDUCATION AID.** For community education aid according to Minnesota Statutes, section 124D.20:

\$14,209,000	\$14,190,000	.....	2002
\$13,111,000	\$ 8,186,000	.....	2003

The 2002 appropriation includes \$1,528,000 for 2001 and \$12,662,000 for 2002.

The 2003 appropriation includes ~~\$1,409,000~~ \$1,406,000 for 2002 and ~~\$11,702,000~~ \$6,780,000 for 2003.

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

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

Sec. 11. Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 6, is amended to read:

Subd. 6. **ADULT BASIC EDUCATION AUDITS; STATE DIRECTOR.** For adult basic education audits under Minnesota Statutes, section 124D.531, and for a state adult basic education director:

\$100,000	.....	2002
\$275,000	<u>\$175,000</u>	..... 2003

The fiscal year 2004 appropriation is ~~\$275,000~~ \$175,000. In fiscal year 2005 and thereafter, the base is ~~\$170,000~~ \$70,000 from the general fund each year.

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

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

Sec. 12. Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 2, is amended to read:

Subd. 2. **BASIC SUPPORT GRANTS.** For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

\$8,570,000	.....	2002
\$8,570,000	.....	2003

The 2002 appropriation includes \$857,000 for 2001 and \$7,713,000 for 2002.

The 2003 appropriation includes \$857,000 for 2002 and \$7,713,000 for 2003.

Base level funding for fiscal year 2004 is ~~\$9,723,000~~ \$9,823,000 and ~~\$9,722,000~~ \$9,822,000 for fiscal year 2005.

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

Sec. 13. Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 4, is amended to read:

Subd. 4. **REGIONAL LIBRARY TELECOMMUNICATIONS AID.** For aid to regional public library systems under Minnesota Statutes, section 134.47:

\$1,200,000	.....	2002	
\$1,200,000	<u>\$1,400,000</u>	.....	2003

This is a one-time appropriation. Any balance in the first year does not cancel but is available in the second year.

Sec. 14. **TANF APPROPRIATIONS.**

Subdivision 1. **DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.** The sum indicated in this section is appropriated to the commissioner of children, families, and learning from the federal Temporary Assistance for Needy Families block grant for the fiscal year designated. This amount is available for expenditure until June 30, 2003.

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

<u>\$3,000,000</u>	.....	<u>2003</u>
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Sec. 15. **REPEALER.**

Laws 2001, First Special Session chapter 3, article 3, section 8, is repealed.

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## ARTICLE 3

### K-12 APPROPRIATION ADJUSTMENTS

Section 1. Minnesota Statutes 2000, section 120B.13, subdivision 3, is amended to read:

Subd. 3. **SUBSIDY FOR EXAMINATION FEES.** The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils of low-income families in public and nonpublic schools. The commissioner shall adopt a schedule for fee subsidies that may allow payment of the entire fee for low-income families, as defined by the commissioner. ~~The commissioner may also determine the circumstances under which the fee is subsidized, in whole or in part.~~ The commissioner shall determine procedures for state payments of fees.

Sec. 2. Minnesota Statutes 2000, section 124D.86, subdivision 4, is amended to read:

Subd. 4. **INTEGRATION LEVY.** A district may levy an amount equal to ~~33~~ 37 percent for fiscal year ~~2000~~ and 2003, ~~22~~ percent for fiscal year ~~2004~~ 2004, ~~29~~ percent for fiscal year 2005, and ~~22~~ percent for fiscal year 2006 and thereafter of the district's integration revenue as defined in subdivision 3.

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

Sec. 3. Minnesota Statutes 2000, section 124D.86, subdivision 5, is amended to read:

Subd. 5. **INTEGRATION AID.** A district's integration aid equals ~~67~~ 63 percent for fiscal year ~~2000 and 2003~~, 78 percent for fiscal year 2004, 71 percent for fiscal year 2005, and 78 percent for fiscal year 2006 and thereafter of the district's integration revenue as defined in subdivision 3.

Sec. 4. Minnesota Statutes 2001 Supplement, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **LEARNING YEAR PUPIL UNITS.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, or more than 425 hours in a school year for a kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than 1.5 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning

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

plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

#### Sec. 5. [126C.457] CAREER AND TECHNICAL LEVY.

For taxes payable in 2003 only, a school district may levy an amount equal to the greater of (1) \$10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs.

Sec. 6. Minnesota Statutes 2000, section 136F.68, is amended to read:

#### 136F.68 STATE PROPERTY AGREEMENTS.

Notwithstanding section 16B.24, or other law to the contrary, the board may enter into an agreement with an intermediate school district for the cooperative use of state property for an initial period of ten years, which may be renewed or extended for additional periods of up to ten years each any period of time specified in the agreement.

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

Sec. 7. Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 7, is amended to read:

Subd. 7. **WORKSTUDY STUDENT COMPENSATION.** For enabling school districts to pay the employer's share of work study students compensation under Minnesota Statutes, section 136A.233, subdivision 3:

\$50,000	.....	1998
\$50,000	.....	1999

Money shall be available to districts upon request until the appropriation is exhausted February 14, 2002. The commissioner may establish an application procedure for allocating the money to districts.

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

Sec. 8. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 2, is amended to read:

Subd. 2. **GENERAL AND SUPPLEMENTAL EDUCATION AID.** (a) For general and supplemental education aid:

\$3,364,596,000	\$3,404,787,000	.....	2002
<del>\$3,506,910,000</del>	<u>\$4,982,334,000</u>	.....	2003

The 2002 appropriation includes ~~\$318,932,000~~ \$323,767,000 for 2001 and ~~\$3,045,664,000~~ \$3,081,020,000 for 2002.

The 2003 appropriation includes ~~\$338,407,000~~ \$335,220,000 for 2002 and ~~\$3,168,503,000~~ \$4,647,114,000 for 2003.

(b) The fiscal year 2003 appropriation in paragraph (a) is reduced by \$1,901,000.

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

Sec. 9. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 2, is amended to read:

Subd. 2. **EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes 2000, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes 2000, section 120B.13, subdivision 1:

\$2,000,000	.....	2002
<del>\$2,000,000</del>	<u>\$1,000,000</u>	..... 2003

Any funds unexpended in the first year do not cancel and are available in the second year.

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the advanced placement advisory council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, \$375,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

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

(d) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 3, in each year to the extent of available appropriations, The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both. If this amount is not adequate, the commissioner may pay less than the full examination fee.

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

Sec. 10. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 7, is amended to read:

Subd. 7. **BEST PRACTICES SEMINARS.** For best practices graduation rule seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$5,260,000	.....	2002
<del>\$3,480,000</del>	<u>\$2,180,000</u>	..... 2003

\$1,000,000 in fiscal year 2002 is for arts via the Internet collaborative project between the Walker Art Center and the Minneapolis Institute of Arts; \$500,000 each year is for best practices grants to intermediate school districts Nos. 287, 916, and 917 to train teachers of special needs students under Laws 1998, chapter 398, article 5, section 42; and \$250,000 each year is for a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center.

The commissioner shall consider a curriculum development grant, consistent with the graduation rule, to develop curricula in the area of natural sciences including botany, horticulture, and zoology. The grant shall also be used to provide instructional materials on the Internet. The commissioner shall consider best practices grants to districts for developing gifted and talented services that are integrated with the state's graduation standards. The commissioner shall consider a grant to independent school district No. 621, Mounds View, for a pilot project to establish a parallel block schedule strategy in grades 1 through 3.

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

Sec. 11. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 23, is amended to read:

Subd. 23. **EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.** For education and employment transitions programming under Minnesota Statutes, section 124D.46:

\$775,000	.....	2002
<del>\$775,000</del>	.....	2003

\$250,000 each year is for ISEBK.

\$450,000 each year is for youth apprenticeship grants and to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

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

\$75,000 each year is for grants to school districts for the junior achievement program.

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

Sec. 12. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 25, as amended by Laws 2001, First Special Session chapter 13, section 14, is amended to read:

Subd. 25. **SCHOOL EVALUATION SERVICES.** For contracting with an independent school evaluation services contractor to evaluate and report on school districts' academic and financial performance under section 64:

~~\$2,500,000~~ \$1,500,000 ..... 2002

Any balance in the first year does not cancel but is available in the second year. The base for this program is \$1,500,000 in fiscal year 2004 only.

Sec. 13. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 29, is amended to read:

Subd. 29. **ALTERNATIVE TEACHER COMPENSATION.** For alternative teacher compensation established under Minnesota Statutes, sections 124D.945 to 124D.947:

~~\$4,000,000~~ \$3,000,000 ..... 2002  
~~\$4,000,000~~ \$3,700,000 ..... 2003

If the appropriations under this subdivision are insufficient to fund all program participants, the participants shall be prioritized by the commissioner by the date of receipt of the application. A participant may receive less than the maximum per pupil amount available under Minnesota Statutes, section 124D.945, subdivision 3.

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

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

Sec. 14. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 11, is amended to read:

Subd. 11. **WEB-BASED, INDIVIDUAL INTERAGENCY INTERVENTION PLAN.** For ongoing development, administration, and interagency training costs associated with a statewide, Web-based application for the individual interagency intervention plan required in Minnesota Statutes, section 125A.023:

\$250,000 ..... 2002  
~~\$250,000~~ ..... 2003

This is a onetime appropriation.

Sec. 15. Laws 2001, First Special Session chapter 6, article 7, section 13, as amended by Laws 2001, First Special Session chapter 13, section 15, is amended to read:

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

**Sec. 13. APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.**

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

Subd. 2. **DEPARTMENT.** (a) For the department of children, families, and learning:

\$31,530,000	\$28,801,000	.....	2002
\$31,748,000	<u>\$27,827,000</u>	.....	2003

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

(b) ~~\$684,000~~ \$616,000 in 2002 and ~~\$690,000~~ \$621,000 in 2003 are for the board of teaching.

(c) \$165,000 each year is for the board of school administrators.

(d) ~~\$500,000 in 2002 and \$250,000 in 2003 and thereafter~~ are for the Minnesota Academic Excellence Foundation.

(e) ~~\$260,000 each year is for the Minnesota Children's Museum; \$50,000 in fiscal year 2002 is for the Duluth Children's Museum.~~

(f) (e) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(g) (f) In preparing the department budget for fiscal years 2004-2005, the department shall shift all administrative funding from aids appropriations into the appropriation for the department.

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

Sec. 16. Laws 2001, First Special Session chapter 6, article 7, section 14, is amended to read:

**Sec. 14. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$7,681,000	\$7,431,000	.....	2002
\$7,816,000	<u>\$7,316,000</u>	.....	2003

\$150,000 each year is to extend the partnership network to up to five new partnership sites and for developing whole-school, arts-based teaching and learning curriculum at new sites.

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

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

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

**Sec. 17. EXCESS COST AID ADJUSTMENT; CAMBRIDGE-ISANTI.**

For fiscal year 2002 only, the commissioner of children, families, and learning must make a positive adjustment of \$400,000 to the special education excess cost-aid payment to independent school district No. 911, Cambridge-Isanti.

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

**Sec. 18. REPEALER.**

Laws 2001, First Special Session chapter 6, article 1, section 31, is repealed retroactive to July 1, 2001.

**ARTICLE 4**

**K-12 FORECAST ADJUSTMENTS**

Section 1. Minnesota Statutes 2001 Supplement, section 123B.54, is amended to read:

**123B.54 DEBT SERVICE APPROPRIATION.**

(a) ~~\$25,989,000~~ \$25,987,000 in fiscal year 2002, ~~\$35,163,000~~ \$31,892,000 in fiscal year 2003, ~~\$31,787,000~~ \$36,629,000 in fiscal year 2004, and ~~\$26,453,000~~ \$36,931,000 in fiscal years 2005 and later are appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

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

Sec. 2. Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM TAX BASE REPLACEMENT AID.** For referendum tax base replacement aid according to Minnesota Statutes, section 126C.17, subdivision 7a:

~~\$7,851,000~~ \$7,616,000 ..... 2003

The 2003 appropriation includes \$0 for 2002 and ~~\$7,851,000~~ \$7,616,000 for 2003.

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

Sec. 3. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, is amended to read:

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

Subd. 4. **ABATEMENT AID.** For abatement aid according to Minnesota Statutes, section 127A.49:

\$7,098,000	\$5,698,000	.....	2002
\$7,692,000	<u>\$2,990,000</u>	.....	2003

The 2002 appropriation includes \$640,000 for 2001 and ~~\$6,458,000~~ \$5,058,000 for 2002.

The 2003 appropriation includes ~~\$717,000~~ \$562,000 for 2002 and ~~\$6,975,000~~ \$2,428,000 for 2003.

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

Sec. 4. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, is amended to read:

Subd. 5. **NONPUBLIC PUPIL AID.** For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123B.40 to 123B.43:

\$14,099,000	\$14,441,000	.....	2002
\$16,472,000	<u>\$15,977,000</u>	.....	2003

The 2002 appropriation includes \$1,330,000 for 2001 and ~~\$12,769,000~~ \$13,111,000 for 2002.

The 2003 appropriation includes ~~\$1,419,000~~ \$1,457,000 for 2002 and ~~\$15,053,000~~ \$14,520,000 for 2003.

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

Sec. 5. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, is amended to read:

Subd. 6. **NONPUBLIC PUPIL TRANSPORTATION.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$20,488,000	\$20,635,000	.....	2002
\$24,802,000	<u>\$25,347,000</u>	.....	2003

The 2002 appropriation includes \$2,000,000 for 2001 and ~~\$18,488,000~~ \$18,635,000 for 2002.

The 2003 appropriation includes ~~\$2,054,000~~ \$2,070,000 for 2002 and ~~\$22,748,000~~ \$23,277,000 for 2003.

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

Sec. 6. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, is amended to read:

Subd. 7. **CONSOLIDATION TRANSITION AID.** For districts consolidating under Minnesota Statutes, section 123A.485:

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

\$675,000	<u>\$531,000</u>	.....	2002
\$669,000	<u>\$736,000</u>	.....	2003

The 2002 appropriation includes \$44,000 for 2001 and ~~\$631,000~~ \$487,000 for 2002.

The 2003 appropriation includes ~~\$70,000~~ \$54,000 for 2002 and ~~\$599,000~~ \$682,000 for 2003.

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

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

Sec. 7. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, is amended to read:

Subd. 4. **CHARTER SCHOOL BUILDING LEASE AID.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$16,554,000	\$12,323,000	.....	2002
\$25,176,000	<u>\$15,330,000</u>	.....	2003

The 2002 appropriation includes \$1,114,000 for 2001 and ~~\$15,440,000~~ \$11,209,000 for 2002.

The 2003 appropriation includes ~~\$1,715,000~~ \$1,245,000 for 2002 and ~~\$23,461,000~~ \$14,085,000 for 2003.

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

Sec. 8. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, is amended to read:

Subd. 5. **CHARTER SCHOOL STARTUP GRANTS.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$2,738,000	\$2,090,000	.....	2002
\$3,143,000	<u>\$1,549,000</u>	.....	2003

The 2002 appropriation includes ~~\$273,000~~ \$258,000 for 2001 and ~~\$2,465,000~~ \$1,832,000 for 2002.

The 2003 appropriation includes ~~\$274,000~~ \$204,000 for 2002 and ~~\$2,869,000~~ \$1,345,000 for 2003.

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

Sec. 9. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, is amended to read:

Subd. 8. **INTEGRATION AID.** For integration aid:

\$65,478,000	\$63,421,000	.....	2002
\$51,996,000	<u>\$53,890,000</u>	.....	2003

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

The 2002 appropriation includes \$5,729,000 for 2001 and ~~\$59,749,000~~ \$57,692,000 for 2002.

The 2003 appropriation includes ~~\$6,639,000~~ \$6,410,000 for 2002 and ~~\$45,357,000~~ \$47,480,000 for 2003.

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

Sec. 10. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 11, is amended to read:

Subd. 11. **MAGNET SCHOOL STARTUP AID.** For magnet school startup aid under Minnesota Statutes, section 124D.88:

<del>\$482,000</del>	<u>\$475,000</u>	.....	2002
<del>\$326,000</del>	<u>\$298,000</u>	.....	2003

The 2002 appropriation includes \$25,000 for 2001 and ~~\$457,000~~ \$450,000 for 2002.

The 2003 appropriation includes ~~\$51,000~~ \$50,000 for 2002 and ~~\$275,000~~ \$248,000 for 2003.

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

Sec. 11. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 15, is amended to read:

Subd. 15. **SUCCESS FOR THE FUTURE.** For American Indian success for the future grants according to Minnesota Statutes, section 124D.81:

<del>\$2,047,000</del>	<u>\$1,924,000</u>	.....	2002
<del>\$2,137,000</del>	.....	.....	2003

The 2002 appropriation includes \$0 for 2001 and ~~\$2,047,000~~ \$1,924,000 for 2002.

The 2003 appropriation includes ~~\$255,000~~ \$213,000 for 2002 and ~~\$2,132,000~~ \$1,924,000 for 2003.

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

Sec. 12. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 18, is amended to read:

Subd. 18. **TRIBAL CONTRACT SCHOOLS.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

<del>\$2,520,000</del>	<u>\$2,304,000</u>	.....	2002
<del>\$2,767,000</del>	<u>\$2,408,000</u>	.....	2003

The 2002 appropriation includes \$192,000 for 2001 and ~~\$2,328,000~~ \$2,112,000 for 2002.

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

The 2003 appropriation includes ~~\$258,000~~ \$235,000 for 2002 and ~~\$2,509,000~~ \$2,173,000 for 2003.

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

Sec. 13. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 2, is amended to read:

Subd. 2. **SPECIAL EDUCATION AID.** For special education aid according to Minnesota Statutes, section 125A.75:

<del>\$507,448,000</del> <u>\$507,841,000</u>	.....	2002
<del>\$531,481,000</del> <u>\$532,282,000</u>	.....	2003

The 2002 appropriation includes \$47,400,000 for 2001 and ~~\$460,048,000~~ \$460,441,000 for 2002.

The 2003 appropriation includes ~~\$51,116,000~~ \$51,160,000 for 2002 and ~~\$480,365,000~~ \$481,122,000 for 2003.

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

Sec. 14. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 3, is amended to read:

Subd. 3. **AID FOR CHILDREN WITH A DISABILITY.** For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

<del>\$1,877,000</del> <u>\$1,358,000</u>	.....	2002
<del>\$2,033,000</del> <u>\$3,161,000</u>	.....	2003

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

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

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

Sec. 15. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 4, is amended to read:

Subd. 4. **TRAVEL FOR HOME-BASED SERVICES.** For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

<del>\$135,000</del> <u>\$143,000</u>	.....	2002
<del>\$138,000</del> <u>\$148,000</u>	.....	2003

The 2002 appropriation includes ~~\$13,000~~ \$14,000 for 2001 and ~~\$122,000~~ \$129,000 for 2002.

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

The 2003 appropriation includes ~~\$13,000~~ \$15,000 for 2002 and ~~\$125,000~~ \$133,000 for 2003.

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

Sec. 16. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 5, is amended to read:

Subd. 5. **SPECIAL EDUCATION EXCESS COST AID.** For excess cost aid:

<del>\$102,665,000</del>	<u>\$103,061,000</u>	.....	2002
<del>\$104,773,000</del>	<u>\$105,289,000</u>	.....	2003

The 2002 appropriation includes \$9,889,000 for 2001 and ~~\$92,776,000~~ \$93,172,000 for 2002.

The 2003 appropriation includes ~~\$10,308,000~~ \$10,352,000 for 2002 and ~~\$94,465,000~~ \$94,937,000 for 2003.

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

Sec. 17. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 7, is amended to read:

Subd. 7. **TRANSITION PROGRAMS; STUDENTS WITH DISABILITIES.** For aid for transition programs for pupils with disabilities according to Minnesota Statutes, section 124D.454:

<del>\$8,954,000</del>	<u>\$8,960,000</u>	.....	2002
<del>\$8,939,000</del>	<u>\$8,952,000</u>	.....	2003

The 2002 appropriation includes ~~\$896,000~~ for 2001 and ~~\$8,058,000~~ \$8,064,000 for 2002.

The 2003 appropriation includes ~~\$895,000~~ \$896,000 for 2002 and ~~\$8,044,000~~ \$8,056,000 for 2003.

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

Sec. 18. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 2, is amended to read:

Subd. 2. **HEALTH AND SAFETY AID.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

<del>\$14,980,000</del>	<u>\$13,630,000</u>	.....	2002
<del>\$14,550,000</del>	<u>\$10,800,000</u>	.....	2003

The 2002 appropriation includes \$1,480,000 for 2001 and ~~\$13,500,000~~ \$12,150,000 for 2002.

The 2003 appropriation includes ~~\$1,500,000~~ \$1,350,000 for 2002 and ~~\$13,050,000~~ \$9,450,000 for 2003.

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

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

Sec. 19. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 3, is amended to read:

Subd. 3. **DEBT SERVICE AID.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$25,989,000	\$25,987,000	.....	2002
\$35,523,000	<u>\$31,892,000</u>	.....	2003

The 2002 appropriation includes \$2,890,000 for 2001 and \$23,099,000 \$23,097,000 for 2002.

The 2003 appropriation includes ~~\$2,567,000~~ \$2,566,000 for 2002 and ~~\$32,956,000~~ \$29,326,000 for 2003.

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

Sec. 20. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. **ALTERNATIVE FACILITIES BONDING AID.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

<del>\$19,279,000</del>	<u>\$19,280,000</u>	.....	2002
\$19,287,000	.....	2003	

The 2002 appropriation includes \$1,921,000 for 2001 and ~~\$17,358,000~~ \$17,359,000 for 2002.

The 2003 appropriation includes ~~\$1,929,000~~ \$1,928,000 for 2002 and ~~\$17,358,000~~ \$17,359,000 for 2003.

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

Sec. 21. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 6, is amended to read:

Subd. 6. **TELECOMMUNICATION ACCESS COST REVENUE.** For telecommunication access cost revenue under Minnesota Statutes, section 125B.25:

<del>\$15,387,000</del>	<u>\$14,800,000</u>	.....	2002
<del>\$ 1,565,000</del>	<u>\$ 1,500,000</u>	.....	2003

The 2002 appropriation includes \$1,300,000 for 2001 and ~~\$14,087,000~~ \$13,500,000 for 2002.

The 2003 appropriation includes ~~\$1,565,000~~ \$1,500,000 for 2002 and \$0 for 2003.

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.25, subdivisions 5 and 6, and the revenue for the 2001-2002 school year shall be prorated. The reimbursement rate shall not exceed 100 percent.

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

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

Sec. 22. Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 2, is amended to read:

Subd. 2. **SCHOOL LUNCH.** (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

\$8,710,000	.....	2002
<del>\$8,950,000</del>	<u>\$8,500,000</u>	..... 2003

(b) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

Sec. 23. Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 5, is amended to read:

Subd. 5. **FAST BREAK TO LEARNING GRANTS.** For fast break to learning grants under Minnesota Statutes, section 124D.1156:

\$2,446,000	.....	2002
\$2,839,000	.....	2003

The 2002 appropriation includes \$0 for 2001 and \$2,446,000 for 2002.

The 2003 appropriation includes ~~\$272,000~~ \$271,000 for 2002 and ~~\$2,567,000~~ \$2,568,000 for 2003.

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## ARTICLE 5

### HIGHER EDUCATION

#### Section 1. HIGHER EDUCATION APPROPRIATIONS.

The dollar amounts in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 1, or other law to the specified agencies. The appropriations are from the general fund or any other named fund and are available for the fiscal years indicated for each purpose. The figure 2002 or 2003 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 2002 unless the context intends another fiscal year.

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

## SUMMARY BY FUND

	2002	2003	TOTAL
General	\$ ( 2,744,000)	\$ (47,256,000)	\$ (50,000,000)

## SUMMARY BY AGENCY - ALL FUNDS

	2002	2003	TOTAL
Higher Education Services Office	\$ ( 2,744,000)	\$ ( 931,000)	\$ ( 3,675,000)
Board of Trustees of the Minnesota State Colleges and Universities		\$ (22,692,000)	\$ (22,692,000)
Board of Regents of the University of Minnesota		\$ (23,633,000)	\$ (23,633,000)

## APPROPRIATIONS

Available for the Year  
Ending June 30

	2002	2003	
Sec. 2. HIGHER EDUCATION SERVICES OFFICE			
Subdivision 1. Total Appropriation Changes	(2,744,000)	( 931,000)	( 3,675,000)
Subd. 2. State Grants	1,460,000	2,995,000	4,455,000

Notwithstanding Laws 2001, First Special Session chapter 1, article 1, section 2, subdivision 2, savings in the state grant program in fiscal year 2003 resulting from any increase in the maximum federal grant over \$3,750 or from any other source, after use to provide additional decreases in the family responsibility for independent students as provided by law, shall remain in the state grant program.

A reduction of \$75,000 each year is made to appropriations for the summer scholarship program. A reduction of \$125,000 each year is made to appropriations for the national service scholars program. The ap-

proportion for the advanced placement scholarship is reduced by \$75,000 in fiscal year 2003.

Subd. 3. Interstate Tuition Reciprocity	(1,500,000)	(1,000,000)	(2,500,000)
Subd. 4. MnLink	( 822,000)	-0-	( 822,000)

For fiscal year 2002, \$822,000 of the remaining appropriation in Laws 1997, chapter 183, article 1, section 2, subdivision 8, cancels to the general fund.

Subd. 5. Minitex	( 382,000)	( 737,000)	(1,119,000)
Subd. 6. Learning Network of Minnesota	( 270,000)	( 900,000)	(1,170,000)
Subd. 7. Minnesota College Savings Plan	(1,100,000)	( 900,000)	(2,000,000)

Beginning in fiscal year 2004, the base appropriation for this program is \$1,520,000 each year.

Subd. 8. Agency Administration	-0-	( 389,000)	( 389,000)
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Notwithstanding Laws 2001, First Special Session chapter 1, article 1, section 2, subdivision 9, remaining appropriations after final payments to Youthworks grantees in an amount estimated to be \$130,000 cancels to the general fund.

**Sec. 3. BOARD OF TRUSTEES OF  
THE MINNESOTA STATE  
COLLEGES AND UNIVERSITIES**

Total Appropriation Changes	(22,692,000)	(22,692,000)
-----------------------------	--------------	--------------

For fiscal years 2004 and 2005, the base appropriation is reduced an additional \$1,786,000 each year.

The legislature intends that the board of trustees should minimize the impact of reductions in this section on students by

decreasing administrative expenditures and reserve balances and through programmatic restructuring before increasing student tuition.

**Sec. 4. BOARD OF REGENTS OF  
THE UNIVERSITY OF  
MINNESOTA**

Total Appropriation Changes	(23,633,000)	(23,633,000)
-----------------------------	--------------	--------------

For fiscal years 2004 and 2005, the base appropriation is reduced an additional \$1,858,000 each year.

The legislature intends that the board of regents should minimize the impact of reductions in this section on students by decreasing administrative expenditures and reserve balances and through programmatic restructuring before increasing student tuition. Reductions under this section may be made to general fund appropriations in Laws 2001, First Special Session chapter 1, article 1, section 4, except for appropriations to the agricultural and extension service under Laws 2001, First Special Session chapter 1, article 1, section 4, subdivision 4, paragraph (a).

Sec. 5. Minnesota Statutes 2001 Supplement, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **COST OF ATTENDANCE.** (a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and

(1) for public institutions, the actual tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the private institution tuition and fee maximums established in law.

(b) For the purpose of paragraph (a), clause (2); the private institution tuition and fee maximum for two- and four-year, private, residential, liberal arts, degree-granting colleges and universities must be the same.

(c) For a student registering for less than full time, the office shall prorate the living and miscellaneous expense allowance to the actual number of credits for which the student is enrolled.

The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a),

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

clause (1) or (2), with no allowance for living and miscellaneous expenses.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 6. Minnesota Statutes 2001 Supplement, section 136A.124, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY.** A grant must be awarded to a student scoring an average of three or higher on five or more advanced placement examinations on full-year courses or an average of four or higher on five or more international baccalaureate examinations on full-year courses. Two half-year courses may be considered as one full-year course. The annual amount of each grant must be based on the student's scores on the examinations and the funds available under this section.

A grant under this subdivision must not affect a recipient's eligibility for a state grant under section 136A.121.

Sec. 7. Minnesota Statutes 2001 Supplement, section 136A.124, subdivision 4, is amended to read:

Subd. 4. **ELIGIBLE INSTITUTION.** An "eligible institution" under this section is a public or private four-year degree-granting college or university or a two-year public college in Minnesota that has a credit and placement policy for either advanced placement or international baccalaureate scholarship recipients, or both. Each eligible institution must annually certify its policies to the ~~office~~ commissioner of children, families, and learning. ~~The office commissioner of children, families, and learning~~ must provide each Minnesota secondary school with a copy of the post-secondary advanced placement and international baccalaureate policies of eligible institutions.

Sec. 8. Minnesota Statutes 2001 Supplement, section 136G.03, subdivision 25, is amended to read:

Subd. 25. **PENALTY.** "Penalty" means the amount established by the office that is applied against the earnings portion of a nonqualified distribution. The amount established by the office must be the minimum required to be a more than de minimis penalty under section 529 of the Internal Revenue Code. The office must impose, collect, and apply penalties consistent with section 529 of the Internal Revenue Code.

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

Sec. 9. Minnesota Statutes 2001 Supplement, section 136G.07, subdivision 1, is amended to read:

Subdivision 1. **STATE BOARD TO INVEST.** The state board of investment shall invest the money deposited in accounts in the plan and all investments are directed by the board. Except as permitted by the Internal Revenue Code, neither persons making contributions to an account nor beneficiaries may direct the investment of contributions to the plan or plan earnings.

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

Sec. 10. Minnesota Statutes 2001 Supplement, section 136G.09, subdivision 8, is amended to read:

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

Subd. 8. **MAXIMUM ACCOUNT BALANCE LIMIT.** (a) When a contribution is made, the total account balance of all accounts held for the same beneficiary, including matching grant accounts, must not exceed the maximum account balance limit as determined under this subdivision.

(b) The maximum account balance limit is reduced for withdrawals from any account for the same beneficiary that are qualified distributions, distributions due to the death or disability of the beneficiary, or distributions due to the beneficiary receiving a scholarship. Subsequent contributions must not be made to replenish an account if the contribution results in the total account balance of all accounts held for the beneficiary to exceed the reduced maximum account balance limit. Any subsequent contributions must be rejected. A subsequent contribution accepted in error must be returned to the account owner plus any earnings on the contribution less any applicable penalties.

(c) The maximum account balance limit is not reduced for a nonqualified distribution or a rollover distribution. When such distributions are taken, subsequent contributions may be made to replenish an account up to the maximum account balance limit.

(d) The office must establish a maximum account balance limit. ~~The maximum account balance limit is four times the cost of one year of qualified higher education expenses at the most expensive eligible educational institution in Minnesota. The office must adjust the maximum account balance limit, as necessary, or on January 1 of each year. Qualified higher education expenses for the academic year prior to January 1 of each year must be used in calculating the maximum account balance limit. The maximum account balance limit must not exceed the amount permitted for the plan to qualify as a qualified state tuition program under section 529 of the Internal Revenue Code. For calendar years 2002 and 2003, the maximum account balance is \$235,000.~~

(e) If the total account balance of all accounts held for a single beneficiary reaches the maximum account balance limit prior to the end of that calendar year, the beneficiary may receive an applicable matching grant for that calendar year.

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

**Sec. 11. REPEALER.**

Laws 1997, chapter 183, article 2, section 19, is repealed.

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**ARTICLE 6**

**CORRECTIONS**

**Section 1. APPROPRIATIONS/REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First

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

Special Session chapters 8, 9, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

	2002	2003
APPROPRIATION REDUCTIONS	(5,165,000)	(11,489,000)
	APPROPRIATIONS	
	2002	2003
Sec. 2. BOARD OF PUBLIC DEFENSE	-0-	(1,153,000)
Sec. 3. CORRECTIONS		
Subdivision 1. Total Appropriation Changes	(5,165,000)	(10,113,000)
Subd. 2. Adult Institutions	(5,200,000)	(1,750,000)

The base for fiscal year 2004 shall be reduced by \$8,145,000, and for fiscal year 2005 by \$8,145,000. The commissioner of corrections shall develop an agencywide spending plan for the 2004-2005 biennium and report to the chairs and ranking minority members of the house and senate committees with jurisdiction over criminal justice policy and funding on its recommendations by January 15, 2003.

Subd. 3. Juvenile Services	-0-	(115,000)
Subd. 4. Community Services	35,000	(7,948,000)

**CLEARWATER COUNTY PROBATION SERVICES.** \$35,000 the first year and \$74,000 the second year are for an increase to probation services provided to Clearwater county. It is anticipated that the county will reimburse the state for these costs and that these proceeds will be deposited in the general fund.

**JUVENILE RESIDENTIAL TREATMENT GRANTS.** \$5,000,000 the second

year is to reduce juvenile residential treatment grants.

**EXTENDED JUVENILE JURISDICTION REIMBURSEMENT.** \$1,200,000 the second year is to reduce extended juvenile jurisdiction reimbursement grants.

**PRETRIAL BAIL EVALUATION REIMBURSEMENT.** \$322,000 the second year is to eliminate pretrial bail evaluation reimbursement.

**COMMUNITY REENTRY PROGRAM.** \$200,000 the second year is to eliminate the community reentry program.

**PROBATION SERVICES.** \$800,000 the second year is to reduce the Community Corrections Act subsidy funding. \$80,000 the second year is to reduce county probation officer reimbursement. \$320,000 the second year is to reduce probation and supervised release services provided by the department. These are onetime reductions.

\$100,000 the second year is to reduce funding for the remote electronic alcohol monitoring project.

Subd. 5. Management Services		(300,000)
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Sec. 4. OMBUDSMAN FOR CORRECTIONS	-0-	(168,000)
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Sec. 5. SENTENCING GUIDELINES COMMISSION	-0-	(55,000)
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The base for fiscal year 2004 shall be reduced by \$60,000 and for fiscal year 2005 by \$60,000.

#### Sec. 6. ADMINISTRATION

**ISSUANCE OF REQUEST FOR PROPOSALS; FELONY-LEVEL DWI OFFENDERS.**(a) The commissioner of ad-

ministration shall issue a request for proposals by March 1, 2004, and shall select a vendor by July 1, 2004, to provide housing and chemical dependency treatment for felony-level driving while impaired offenders.

(b) In establishing the criteria a vendor must meet and in specifying preferences for vendors to meet, the commissioner of administration shall consult with the executive director of the sentencing guidelines commission, the commissioner of corrections, and the commissioner of human services, as appropriate. The commissioner of administration shall consider the following factors in issuing the request for proposals:

(1) the level of security required for housing felony-level DWI offenders based upon the offense pattern of current repeat DWI offenders;

(2) the type and length of chemical dependency treatment and aftercare needed for felony-level DWI offenders;

(3) the area of the state from which offenders will come based upon the offense pattern of current DWI offenders;

(4) other treatment and rehabilitation programs appropriate for offenders in a detention facility focused on housing felony-level DWI offenders; and

(5) other factors deemed appropriate for consideration by the commissioner of administration, corrections, or human services, or by the executive director of the sentencing guidelines commission.

(c) The department of corrections shall respond to the request for proposals.

Sec. 7. Minnesota Statutes 2000, section 120A.34, is amended to read:

**120A.34 VIOLATIONS; PENALTIES.**

Any person who fails or refuses to provide for instruction of a child of whom the person has legal custody, and who is required by section 120A.22, subdivision 5, to receive instruction, when notified so to do by a truant officer or other official, or any person who induces or attempts to induce any child unlawfully to be absent from school, or who knowingly harbors or employs, while school is in session, any child unlawfully absent from school, shall be guilty of a petty misdemeanor. Any fines collected shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 8. Minnesota Statutes 2001 Supplement, section 242.192, is amended to read:

**242.192 CHARGES TO COUNTIES.**

(a) ~~Until June 30, 2002,~~ The commissioner shall charge counties or other appropriate jurisdictions 65 percent of the per diem cost of confinement, excluding educational costs and nonbillable service, of juveniles at the Minnesota correctional facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota correctional facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall determine the per diem cost of confinement based on projected population, pricing incentives, market conditions, and the requirement that expense and revenue balance out over a period of two years. All money received under this section must be deposited in the state treasury and credited to the general fund.

(b) ~~Until June 30, 2002, the department of corrections shall be responsible for 35 percent of the per diem cost of confinement described in this section.~~

Sec. 9. Minnesota Statutes 2001 Supplement, section 244.054, subdivision 2, is amended to read:

Subd. 2. **CONTENT OF PLAN.** If an offender chooses to have a discharge plan developed, the commissioner of human services shall develop and implement a discharge plan, which must include at least the following:

(1) at least 90 days before the offender is due to be discharged, the commissioner of human services shall designate an agent of the department of human services with mental health training to serve as the primary person responsible for carrying out discharge planning activities;

(2) at least 75 days before the offender is due to be discharged, the offender's designated agent shall:

(i) obtain informed consent and releases of information from the offender that are needed for transition services;

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

(ii) contact the county human services department in the community where the offender expects to reside following discharge, and inform the department of the offender's impending discharge and the planned date of the offender's return to the community; determine whether the county or a designated contracted provider will provide case management services to the offender; refer the offender to the case management services provider; and confirm that the case management services provider will have opened the offender's case prior to the offender's discharge; and

(iii) refer the offender to appropriate staff in the county human services department in the community where the offender expects to reside following discharge, for enrollment of the offender if eligible in medical assistance or general assistance medical care, using special procedures established by process and department of human services bulletin;

(3) at least 2-1/2 months before discharge, the offender's designated agent shall secure timely appointments for the offender with a psychiatrist no later than 30 days following discharge, and with other program staff at a community mental health provider that is able to serve former offenders with serious and persistent mental illness;

(4) at least 30 days before discharge, the offender's designated agent shall convene a pre-discharge assessment and planning meeting of key staff from the programs in which the offender has participated while in the correctional facility, the offender, and the supervising agent, and the mental health case management services provider assigned to the offender. At the meeting, attendees shall provide background information and continuing care recommendations for the offender, including information on the offender's risk for relapse; current medications, including dosage and frequency; therapy and behavioral goals; diagnostic and assessment information, including results of a chemical dependency evaluation; confirmation of appointments with a psychiatrist and other program staff in the community; a relapse prevention plan; continuing care needs; needs for housing, employment, and finance support and assistance; and recommendations for successful community integration, including chemical dependency treatment or support if chemical dependency is a risk factor. Immediately following this meeting, the offender's designated agent shall summarize this background information and continuing care recommendations in a written report;

(5) immediately following the pre-discharge assessment and planning meeting, the provider of mental health case management services who will serve the offender following discharge shall offer to make arrangements and referrals for housing, financial support, benefits assistance, employment counseling, and other services required in sections 245.461 to 245.486;

(6) at least ten days before the offender's first scheduled postdischarge appointment with a mental health provider, the offender's designated agent shall transfer the following records to the offender's case management services provider and psychiatrist: the pre-discharge assessment and planning report, medical records, and pharmacy records. These records may be transferred only if the offender provides informed consent for their release;

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

(7) upon discharge, the offender's designated agent shall ensure that the offender leaves the correctional facility with at least a ten-day supply of all necessary medications; and

(8) upon discharge, the prescribing authority at the offender's correctional facility shall telephone in prescriptions for all necessary medications to a pharmacy in the community where the offender plans to reside. The prescriptions must provide at least a 30-day supply of all necessary medications, and must be able to be refilled once for one additional 30-day supply.

Sec. 10. Minnesota Statutes 2001 Supplement, section 260B.007, subdivision 16, is amended to read:

**Subd. 16. JUVENILE PETTY OFFENDER; JUVENILE PETTY OFFENSE.**

(a) "Juvenile petty offense" includes a juvenile alcohol offense, a juvenile controlled substance offense, a violation of section 609.685, or a violation of a local ordinance, which by its terms prohibits conduct by a child under the age of 18 years which would be lawful conduct if committed by an adult. "Juvenile petty offense" also includes a habitual truant, as defined in section 260C.007, subdivision 19, unless a petition brought under chapter 260C states that an out-of-home placement is sought for the child.

(b) Except as otherwise provided in paragraph (c), "juvenile petty offense" also includes an offense that would be a misdemeanor if committed by an adult.

(c) "Juvenile petty offense" does not include any of the following:

(1) a misdemeanor-level violation of section 518B.01, 588.20, 609.224, 609.2242, 609.324, 609.563, 609.576, 609.66, 609.746, 609.748, 609.79, or 617.23;

(2) a major traffic offense or an adult court traffic offense, as described in section 260B.225;

(3) a misdemeanor-level offense committed by a child whom the juvenile court previously has found to have committed a misdemeanor, gross misdemeanor, or felony offense; or

(4) a misdemeanor-level offense committed by a child whom the juvenile court has found to have committed a misdemeanor-level juvenile petty offense on two or more prior occasions, unless the county attorney designates the child on the petition as a juvenile petty offender notwithstanding this prior record. As used in this clause, "misdemeanor-level juvenile petty offense" includes a misdemeanor-level offense that would have been a juvenile petty offense if it had been committed on or after July 1, 1995.

(d) A child who commits a juvenile petty offense is a "juvenile petty offender."

Sec. 11. Minnesota Statutes 2001 Supplement, section 260C.141, subdivision 3, is amended to read:

**Subd. 3. CHILD IN NEED OF PROTECTION OR SERVICES; HABITUAL TRUANT.** (a) If there is a school attendance review board or county attorney

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

mediation program operating in the child's school district, a petition alleging that a child is in need of protection or services as a habitual truant under section 260C.007, subdivision 6, clause (14), may not be filed until the applicable procedures under section 260A.06 or 260A.07 have been followed.

(b) A petition alleging that a child is in need of protection or services as a habitual truant under section 260C.007, subdivision 6, clause (14), must give notice that the petitioner is seeking an out-of-home placement of the child. If the petition does not state that an out-of-home placement is sought for the child, the matter must proceed as a juvenile petty offense action under chapter 260B.

Sec. 12. Minnesota Statutes 2000, section 260C.163, subdivision 3, is amended to read:

Subd. 3. **APPOINTMENT OF COUNSEL.** (a) The child, parent, guardian or custodian has the right to effective assistance of counsel in connection with a proceeding in juvenile court.

(b) If they desire counsel but are unable to employ it, the court shall appoint counsel to represent the child who is ten years of age or older or the parents or guardian in any case in which it feels that such an appointment is appropriate.

(c) Counsel for the child shall not also act as the child's guardian ad litem.

(d) In any proceeding where the subject of a petition for a child in need of protection or services is not represented by an attorney, the court shall determine the child's preferences regarding the proceedings, if the child is of suitable age to express a preference.

(e) A child, parent, guardian, or custodian is not entitled to counsel at public expense in a case involving a child alleged to be in need of protection or services as a habitual truant under section 260C.007, subdivision 6, clause (14), unless the petition states that an out-of-home placement is sought for the child.

Sec. 13. Minnesota Statutes 2000, section 611.17, is amended to read:

**611.17 FINANCIAL INQUIRY; STATEMENTS; CO-PAYMENT.**

(a) Each judicial district must screen requests under paragraph (b).

(b) Upon a request for the appointment of counsel, the court shall make appropriate inquiry into the financial circumstances of the applicant, who shall submit a financial statement under oath or affirmation setting forth the applicant's assets and liabilities, including the value of any real property owned by the applicant, whether homestead or otherwise, less the amount of any encumbrances on the real property, the source or sources of income, and any other information required by the court. The applicant shall be under a continuing duty while represented by a public defender to disclose any changes in the applicant's financial circumstances that might be relevant to the applicant's eligibility for a public defender. The state public defender shall furnish appropriate forms for the financial statements. The forms must contain conspicuous notice of the applicant's continuing duty to disclose to the court changes

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

in the applicant's financial circumstances. The information contained in the statement shall be confidential and for the exclusive use of the court and the public defender appointed by the court to represent the applicant except for any prosecution under section 609.48. A refusal to execute the financial statement or produce financial records constitutes a waiver of the right to the appointment of a public defender.

(c) Upon disposition of the case, an individual who has received public defender services shall pay to the court a \$28 co-payment for representation provided by a public defender, unless the co-payment is, or has been, waived by the court. The co-payment shall be deposited in the state general fund. If a term of probation is imposed as a part of an offender's sentence, the co-payment required by this section must not be made a condition of probation. The co-payment required by this section is a civil obligation and must not be made a condition of a criminal sentence.

Sec. 14. Laws 2001, First Special Session chapter 8, article 11, section 14, is amended to read:

Sec. 14. **FELONY DWI STUDY.**

By January 15, 2004, and each year thereafter through January 15, 2007, the commissioner of corrections must report to the chairs and ranking minority members of the house and senate committees having jurisdiction over criminal justice and judiciary finance issues on the implementation and effects of the felony level driving while impaired offense. The report must include the following information on felony level driving while impaired offenses:

- (1) the number of persons convicted;
- (2) the month and county of conviction;
- (3) the offenders' ages and gender;
- (4) the offenders' prior impaired driving histories and prior criminal histories;
- (5) the number of trials taken to verdict, separating out cases tried to a judge versus cases tried to a jury, and the number of convictions for each;
- (3) (6) the number of offenders incarcerated locally and the term of incarceration;
- (4) (7) the number placed on probation and the length of the probation;
- (5) (8) the number for whom probation is revoked, the reasons for revocation, and the consequences imposed;
- (6) (9) the number given an executed prison sentence upon conviction and the length of the sentence;
- (7) (10) the number given an executed prison sentence upon revocation of probation and the length of sentence;
- (8) (11) the number who successfully complete treatment in prison;
- (9) (12) the number placed on intensive supervision following release from incarceration;

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

~~(10)~~ (13) the number who violate supervised release and the consequences imposed; ~~and~~

~~(11)~~ (14) per diem costs, including treatment costs, for offenders incarcerated under the felony sentence provisions; and

(15) any other information the commissioner deems relevant to estimating future costs.

The commissioner of corrections shall share preliminary information with the commissioner of administration for the purpose of issuance of a request for proposals under section 6.

### **Sec. 15. COLLABORATIVE CASE PLANNING FOR CERTAIN MENTALLY ILL PERSONS UNDER CORRECTIONAL SUPERVISION; POLICIES AND PRACTICES; REPORTS REQUIRED.**

Subdivision 1. DEVELOPMENT OF POLICIES AND PRACTICES. Correctional and social services agencies in each county that delivers direct case management services shall develop policies and practices that maximize collaborative case planning for adult and juvenile offenders under correctional supervision who have been diagnosed with serious and persistent mental illness or severe emotional disturbance. To the degree resources are available, the policies and practices must determine how to:

(1) ensure that the offender receives the best possible mental health case management expertise;

(2) determine which case management model best delivers case management services;

(3) maximize the efficiency of case management services; and

(4) maximize the recoupment of federal financial participation of medical assistance and other forms of funding.

Subd. 2. REPORTS REQUIRED. By December 31, 2002, the agencies described in subdivision 1 shall submit a report on their mental health correctional policies and practices to the department of corrections. By March 1, 2003, the commissioner of corrections shall submit a statewide report on the mental health correctional policies and practices to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over mental health and corrections policy and funding.

### **Sec. 16. DATA SHARING ON CERTAIN MENTALLY ILL PERSONS UNDER CORRECTIONAL SUPERVISION.**

Notwithstanding any other law to the contrary, correctional and social services agencies may share data on adult and juvenile offenders under correctional supervision who have been diagnosed with serious and persistent mental illness or severe emotional disturbance for the purpose of engaging in collaborative case planning as described in section 15.

New language is indicated by underline, deletions by strikeout.

## ARTICLE 7

PUBLIC SAFETY AND TRANSPORTATION AND  
OTHER AGENCY APPROPRIATIONS

## Section 1. TRANSPORTATION AND OTHER AGENCY APPROPRIATIONS.

The dollar amounts in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapters 8, 9, or other law to the specified agencies. The appropriations are from the general fund or any other named fund and are available for the fiscal years indicated for each purpose. The figure 2002 or 2003 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 2002 unless the context intends another fiscal year.

## SUMMARY BY FUND

	2002	2003	TOTAL
APPROPRIATIONS			
General	\$ (2,018,000)	\$ (6,932,000)	\$ (8,950,000)
TRANSFERS IN	(2,705,000)	(1,996,000)	(4,701,000)

## Sec. 2. TRANSPORTATION

Subdivision 1. Total Appropriation Changes		-0-	(510,000)
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Subd. 2. Aeronautics		-0-	(50,000)
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This reduction is from the appropriation from the general fund for air transportation services. This reduction reduces the agency's budget base by \$50,000.

Subd. 3. Transit		-0-	(400,000)
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This reduction is from the appropriation from the general fund for transit administration. This reduction reduces the agency's budget base by \$400,000.

Subd. 4. Railroads and Waterways		-0-	(60,000)
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This reduction is from the appropriation from the general fund and reduces the agency's budget base by \$60,000.

## Sec. 3. METROPOLITAN COUNCIL

Metropolitan Council Transit	-0-	(2,715,000)
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Of these reductions:

(1) \$600,000 the second year is from metro transit administration. This reduction reduces the agency's budget base by \$600,000;

(2) \$100,000 the second year is from metropolitan transportation services other than metro transit. This reduces the agency's budget base by \$100,000; and

(3) \$2,015,000 the second year is from metropolitan council transit operations other than metro mobility.

The council shall first seek to achieve this reduction by:

(a) increasing operating revenue; or

(b) reducing operating expenses by reducing or eliminating service on routes with a fare box recovery of less than ten percent, or reducing nonpeak service.

This reduction reduces the agency's budget base by \$2,015,000.

## Sec. 4. PUBLIC SAFETY

Subdivision 1. Total Appropriation Changes	(2,018,000)	(3,296,000)
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Subd. 2. Emergency Management	-0-	(200,000)
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For emergency management, the base for fiscal year 2004 shall be reduced by \$3,627,000 and for fiscal year 2005 by \$3,627,000.

Subd. 3. Fire Marshal	-0-	(84,000)
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Subd. 4. Alcohol and Gambling  
Enforcement

-0-

(84,000)

**BACKGROUND CHECK FEE.** The fee charged by the alcohol and gambling division to Indian tribal governments for investigations and background checks under Minnesota Statutes, section 3.9221, is increased from \$8 to \$15, effective July 1, 2002.

**BACKGROUND CHECK FEE.** The fee charged by the alcohol and gambling division to manufacturers and distributors of gambling devices for background checks under Minnesota Statutes, section 299L.07, subdivision 5, is increased from \$8 to \$15, effective July 1, 2002.

Subd. 5. Crime Victims Services Center

(384,000)

(1,368,000)

**SHELTER PER DIEMS.** \$600,000 the second year is a reduction in per diem funding for shelters. The base for the crime victim services center shall be reduced by \$600,000 in fiscal year 2004 and \$600,000 in fiscal year 2005 to reflect reduced funding for shelters.

**CRIME VICTIMS SERVICES STAFF AND GRANTS.** \$384,000 the first year and \$768,000 the second year are reductions for crime victims services staff and grants. For crime victims services grants, the base for fiscal year 2004 shall be reduced by \$2,000,000 and for fiscal year 2005 by \$2,000,000.

Subd. 6. Law Enforcement and  
Community Grants

(1,634,000)

(685,000)

**DRUG POLICY AND VIOLENCE PREVENTION GRANTS.** \$1,292,000 the first year and \$142,000 the second year are to reduce drug policy and violence prevention grants. The base for law enforcement and community grants shall be

reduced by \$243,000 in fiscal year 2004 and \$243,000 in fiscal year 2005 to reflect reduced funding for drug policy and violence prevention grants.

**MODEL POLICING; MENTAL ILLNESS CALLS.** \$150,000 the first year is to eliminate the onetime appropriation for the model policing program mental illness calls.

**CAMP RIPLEY WEEKEND CAMP.** \$175,000 the second year is to eliminate the Camp Ripley weekend camp.

**VIOLENCE PREVENTION COUNCIL.** \$75,000 the first year and \$75,000 the second year are to eliminate grants to the violence prevention council.

**GANG STRIKE FORCE.** \$117,000 the first year and \$117,000 the second year are to reduce the appropriation for gang strike force grants. The base for this program shall be \$1,515,000 for the fiscal year beginning July 1, 2003.

**STAFF SAVINGS.** \$176,000 the second year is to reduce staff. The base for the office of drug policy and violence prevention shall be reduced by \$176,000 in fiscal year 2004 and \$176,000 in fiscal year 2005 to reflect decreased funding for staff.

**AUTOMOBILE THEFT PREVENTION ACCOUNT.** By June 30, 2002, the commissioner of finance shall transfer the available unencumbered balance from the automobile theft prevention account in the special revenue fund to the general fund estimated to be \$1,317,000. Minnesota Statutes, section 168A.40, subdivision 4, does not apply to money transferred to the general fund under this paragraph.

The commissioner may not reduce the current allocation of federal Byrne grant funds for the youth experiencing alternatives (YEA)/Camp Ripley programs.

Subd. 7. State Patrol - Capitol Security -0- (175,000)

This amount reduces the cost of executive protection and reduces the agency's budget base for executive protection.

Subd. 8. Administration and Related Services -0- (500,000)

This reduction is from the amount appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 2002. This reduction reduces the agency's budget base by \$500,000.

Subd. 9. Driver and Vehicle Services -0- (200,000)

The commissioner shall not achieve this reduction by reducing the number of driver license examining stations in greater Minnesota below the number open on April 1, 2002. This reduction reduces the agency's budget base by \$200,000.

Sec. 5. CRIME VICTIM OMBUDSMAN -0- (411,000)

Sec. 6. Minnesota Statutes 2000, section 13.871, subdivision 5, is amended to read:

Subd. 5. **CRIME VICTIMS.** (a) **CRIME VICTIM NOTICE OF RELEASE.** Data on crime victims who request notice of an offender's release are classified under section 611A.06.

(b) **SEX OFFENDER HIV TESTS.** Results of HIV tests of sex offenders under section 611A.19, subdivision 2, are classified under that section.

(c) **BATTERED WOMEN.** Data on battered women maintained by grantees for emergency shelter and support services for battered women are governed by section 611A.32, subdivision 5.

(d) **VICTIMS OF DOMESTIC ABUSE.** Data on battered women and victims of domestic abuse maintained by grantees and recipients of per diem payments for emergency shelter for battered women and support services for battered women and victims of domestic abuse are governed by sections 611A.32, subdivision 5, and 611A.371, subdivision 3.

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

(e) **CRIME VICTIM CLAIMS FOR REPARATIONS.** Claims and supporting documents filed by crime victims seeking reparations are classified under section 611A.57, subdivision 6.

(f) **CRIME VICTIM OMBUDSMAN OVERSIGHT ACT.** Data maintained by the ~~crime victim ombudsman commissioner~~ of public safety under the Crime Victim Oversight Act are classified under section 611A.74, subdivision 2.

Sec. 7. Minnesota Statutes 2001 Supplement, section 16A.88, subdivision 1, is amended to read:

Subdivision 1. **GREATER MINNESOTA TRANSIT FUND.** The greater Minnesota transit fund is established within the state treasury. Money in the fund is annually appropriated to the commissioner of transportation for assistance to transit systems outside the metropolitan area under section 174.24. Beginning in fiscal year 2003, the commissioner may use up to \$400,000 each year for administration of the transit program.

Sec. 8. Minnesota Statutes 2000, section 135A.15, subdivision 1, is amended to read:

Subdivision 1. **POLICY REQUIRED.** The board of trustees of the Minnesota state colleges and universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on sexual harassment and sexual violence that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the crime victims reparations board and the ~~office of the crime victim ombudsman~~ commissioner of public safety. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents occurring on property owned by the post-secondary system or institution in which the victim is a student or employee of that system or institution. It must include procedures for reporting incidents of sexual harassment or sexual violence and for disciplinary actions against violators. During student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times. Each private post-secondary institution that is an eligible institution as defined in section 136A.101, subdivision 4, must adopt a policy that meets the requirements of this section.

Sec. 9. Minnesota Statutes 2000, section 168A.40, subdivision 4, is amended to read:

Subd. 4. **AUTOMOBILE THEFT PREVENTION ACCOUNT.** A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 299A.75.

Sec. 10. Minnesota Statutes 2001 Supplement, section 171.29, subdivision 2, is amended to read:

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Subd. 2. **REINSTATEMENT FEES AND SURCHARGES, ALLOCATION.**

(a) A person whose driver's license has been revoked as provided in subdivision 1, except under section 169A.52, 169A.54, or 609.21, shall pay a \$30 fee before the driver's license is reinstated.

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 609.21, shall pay a \$250 fee plus a \$40 surcharge before the driver's license is reinstated. Beginning July 1, 2002, the surcharge is \$145. Beginning July 1, 2003, the surcharge is \$380. The \$250 fee is to be credited as follows:

(1) Twenty percent must be credited to the trunk highway fund.

(2) ~~Fifty-five~~ Sixty-seven percent must be credited to the general fund.

(3) Eight percent must be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount must be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065.

(4) ~~Twelve percent must be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account is appropriated as follows:~~

(i) ~~in fiscal year 2002:~~

(A) ~~the first \$200,000 to the commissioner of children, families, and learning for programs for elementary and secondary school students; and~~

(B) ~~the remainder credited to the commissioner of public safety to be spent as grants through March 31, 2002, to the Minnesota highway safety center at St. Cloud State University for programs relating to alcohol and highway safety education in elementary and secondary schools and then from April 1, 2002, through June 30, 2002, for programs described in item (ii); and~~

(ii) ~~after June 30, 2002, to the commissioner of public safety for grants for programs relating to alcohol and highway safety education in elementary and secondary schools.~~

(5) Five percent must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The money in the account is annually appropriated to the commissioner of health to be used as follows: 35 percent for a contract with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 65 percent to maintain the traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this clause, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

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(i) the promotion of public, family, survivor, and professional awareness of the incidence and consequences of traumatic brain injury;

(ii) the provision of a network of support for persons with traumatic brain injury, their families, and friends;

(iii) the development and support of programs and services to prevent traumatic brain injury;

(iv) the establishment of education programs for persons with traumatic brain injury; and

(v) the empowerment of persons with traumatic brain injury through participation in its governance.

No patient's name, identifying information or identifiable medical data will be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian, or if the patient is a minor, of the parent or guardian of the patient.

(c) The surcharge must be credited to a separate account to be known as the remote electronic alcohol monitoring program account. The commissioner shall transfer the balance of this account to the commissioner of finance on a monthly basis for deposit in the general fund.

(d) When these fees are collected by a licensing agent, appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fees and surcharge must be deposited in an approved state depository as directed under section 171.061, subdivision 4.

Sec. 11. Minnesota Statutes 2001 Supplement, section 256.022, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** The commissioner of human services shall establish a review panel for purposes of reviewing investigating agency determinations regarding maltreatment of a child in a facility in response to requests received under section 626.556, subdivision 10i, paragraph (b). The review panel consists of the commissioners of health; human services; children, families, and learning; public safety; and corrections; ~~the ombudsman for crime victims~~; and the ombudsman for mental health and mental retardation; or their designees.

Sec. 12. Minnesota Statutes 2001 Supplement, section 299A.75, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM DESCRIBED; COMMISSIONER'S DUTIES.** (a) The commissioner of public safety shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

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(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the state patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the full amount of the

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proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the general fund described in section 168A.40, subdivision 4.

Sec. 13. Minnesota Statutes 2000, section 299F.011, is amended by adding a subdivision to read:

Subd. 7. FEES. A fee of \$100 shall be charged by the state fire marshal for each plan review involving:

- (1) flammable liquids under Minnesota Rules, part 7510.3650;
- (2) motor vehicle fuel-dispensing stations under Minnesota Rules, part 7510.3610; or
- (3) liquefied petroleum gases under Minnesota Rules, part 7510.3670.

Sec. 14. Minnesota Statutes 2000, section 299L.02, subdivision 7, is amended to read:

Subd. 7. **REVOLVING ACCOUNT.** The director shall deposit in a separate account in the state treasury all money received from Indian tribal governments for charges for investigations and background checks under compacts negotiated under section 3.9221, except for \$7 from each charge that shall be deposited in the general fund. Money in the account is appropriated to the director for the purpose of carrying out the director's powers and duties under those compacts.

Sec. 15. Minnesota Statutes 2000, section 299L.07, subdivision 5, is amended to read:

Subd. 5. **INVESTIGATION.** Before a license under this section is granted, the director may conduct a background and financial investigation of the applicant, including the applicant's sources of financing. The director may, or shall when required by law, require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The director may charge an investigation fee to cover the cost of the investigation. Of this fee, \$7 from each charge shall be deposited in the general fund.

Sec. 16. Minnesota Statutes 2000, section 611A.371, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE.** The purpose of the per diem grant program is to provide reimbursement in a timely, efficient manner to local programs for the reasonable and necessary costs of providing battered women and their children with food, lodging, and safety. Per diem Grant funding may not be used for other purposes.

Sec. 17. Minnesota Statutes 2001 Supplement, section 611A.372, is amended to read:

#### 611A.372 DUTIES OF DIRECTOR.

In addition to any other duties imposed by law, the director, with the approval of the commissioner of public safety, shall:

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(1) supervise the administration of per diem grant payments to designated shelter facilities;

(2) collect data on shelter facilities;

(3) conduct an annual evaluation of the per diem grant program;

(4) report to the governor and the legislature on the need for emergency secure shelter;

(5) develop an application process for shelter facilities to follow in seeking reimbursement under the per diem grant program; and

(6) adopt rules to implement and administer sections 611A.37 to 611A.375.

Sec. 18. Minnesota Statutes 2000, section 611A.373, is amended to read:

**611A.373 PAYMENTS.**

Subdivision 1. **PAYMENT REQUESTS.** Payments to designated shelter facilities must be in the form of a grant. Designated shelter facilities may submit requests for payment monthly based on the number of persons housed their expenses. The process for the submission of payments and for the submission of requests may be established by the director. Upon approval of the request for payment by the center, payments shall be made directly to designated shelter facilities from per diem grant funds on behalf of women and their children who reside in the shelter facility. Payments made to a designated shelter facility must not exceed the annual reserve grant amount for that facility unless approved by the director. These payments must not affect the eligibility of individuals who reside in shelter facilities for public assistance benefits, except when required by federal law or regulation.

Subd. 2. **RESERVE GRANT AMOUNT.** The center shall calculate annually the reserve the grant amount for each designated shelter facility. This calculation may be based upon program type, average occupancy rates, and licensed capacity limits. The total of all reserve grant amounts shall not exceed the legislative per diem appropriation.

Subd. 3. **ACCOUNTABILITY.** Shelter facilities must comply with reporting requirements and any other measures imposed by the Minnesota center for crime victim services to improve accountability and program outcomes including, but not limited to, information on all restricted or unrestricted fund balances.

Sec. 19. Minnesota Statutes 2000, section 611A.72, is amended to read:

**611A.72 CITATION.**

Sections 611A.72 to 611A.74 may be cited as the "Crime Victim Ombudsman Oversight Act."

Sec. 20. Minnesota Statutes 2000, section 611A.73, subdivision 2, is amended to read:

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Subd. 2. **APPROPRIATE AUTHORITY.** "Appropriate authority" includes anyone who is the subject of a complaint under sections 611A.72 to 611A.74 to the crime victim ombudsman commissioner or anyone within the agency who is in a supervisory position with regard to one who is the subject of a complaint under sections 611A.72 to 611A.74.

Sec. 21. Minnesota Statutes 2000, section 611A.73, is amended by adding a subdivision to read:

Subd. 6. COMMISSIONER. "Commissioner" means the commissioner of public safety.

Sec. 22. Minnesota Statutes 2001 Supplement, section 611A.74, subdivision 1, is amended to read:

Subdivision 1. **CREATION AUTHORITY UNDER THIS ACT.** ~~The office of crime victim ombudsman for Minnesota is created. The ombudsman shall be appointed by the governor, shall serve in the unclassified service at the pleasure of the governor, and shall be selected without regard to political affiliation. No person may serve as ombudsman while holding any other public office. The ombudsman is directly accountable to the governor and must periodically report to the commissioner of public safety on the operations and activities of the office. The ombudsman commissioner shall have the authority under sections 611A.72 to 611A.74 to investigate decisions, acts, and other matters of the criminal justice system so as to promote the highest attainable standards of competence, efficiency, and justice for crime victims in the criminal justice system.~~

Sec. 23. Minnesota Statutes 2000, section 611A.74, subdivision 2, is amended to read:

Subd. 2. **DUTIES.** ~~The crime victim ombudsman commissioner may investigate complaints concerning possible violation of the rights of crime victims or witnesses provided under this chapter, the delivery of victim services by victim assistance programs, the administration of the crime victims reparations act, and other complaints of mistreatment by elements of the criminal justice system or victim assistance programs. The ombudsman commissioner shall act as a liaison, when the ombudsman commissioner deems necessary, between agencies, either in the criminal justice system or in victim assistance programs, and victims and witnesses. The ombudsman commissioner may be concerned with activities that strengthen procedures and practices which lessen the risk that objectionable administrative acts will occur. The ombudsman commissioner must be made available through the use of a toll free telephone number and shall answer questions concerning the criminal justice system and victim services put to the ombudsman commissioner by victims and witnesses in accordance with the ombudsman's commissioner's knowledge of the facts or law, unless the information is otherwise restricted. The ombudsman commissioner shall establish a procedure for referral to the crime victim crisis centers, the crime victims reparations board, and other victim assistance programs when services are requested by crime victims or deemed necessary by the ombudsman commissioner.~~

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The ombudsman's commissioner's files are confidential data as defined in section 13.02, subdivision 3, during the course of an investigation or while the files are active. Upon completion of the investigation or when the files are placed on inactive status, they are private data on individuals as defined in section 13.02, subdivision 12.

Sec. 24. Minnesota Statutes 2000, section 611A.74, subdivision 3, is amended to read:

Subd. 3. **POWERS.** The ~~crime victim ombudsman~~ ombudsman commissioner has those powers necessary to carry out the duties set out in subdivision 2, including:

(a) The ombudsman commissioner may investigate, with or without a complaint, any action of an element of the criminal justice system or a victim assistance program included in subdivision 2.

(b) The ombudsman commissioner may request and shall be given access to information and assistance the ombudsman commissioner considers necessary for the discharge of responsibilities. The ombudsman commissioner may inspect, examine, and be provided copies of records and documents of all elements of the criminal justice system and victim assistance programs. The ombudsman commissioner may request and shall be given access to police reports pertaining to juveniles and juvenile delinquency petitions, notwithstanding section 260B.171 or 260C.171. Any information received by the ombudsman commissioner retains its data classification under chapter 13 while in the ombudsman's commissioner's possession. Juvenile records obtained under this subdivision may not be released to any person.

(c) The ombudsman commissioner may prescribe the methods by which complaints are to be made, received, and acted upon; may determine the scope and manner of investigations to be made; and subject to the requirements of sections 611A.72 to 611A.74, may determine the form, frequency, and distribution of ombudsman commissioner conclusions, recommendations, and proposals.

(d) After completing investigation of a complaint, the ombudsman commissioner shall inform in writing the complainant, the investigated person or entity, and other appropriate authorities of the action taken. If the complaint involved the conduct of an element of the criminal justice system in relation to a criminal or civil proceeding, the ombudsman's commissioner's findings shall be forwarded to the court in which the proceeding occurred.

(e) Before announcing a conclusion or recommendation that expressly or impliedly criticizes an administrative agency or any person, the ombudsman commissioner shall consult with that agency or person.

Sec. 25. Minnesota Statutes 2000, section 611A.74, subdivision 4, is amended to read:

Subd. 4. **NO COMPELLED TESTIMONY.** Neither the ombudsman commissioner nor any member of the ombudsman's commissioner's staff may be compelled to testify or produce evidence in any judicial or administrative proceeding with respect to matters involving the exercise of official duties under sections 611A.72 to 611A.74 except as may be necessary to enforce the provisions of this section.

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Sec. 26. Minnesota Statutes 2000, section 611A.74, subdivision 5, is amended to read:

Subd. 5. **RECOMMENDATIONS.** (a) On finding a complaint valid after duly considering the complaint and whatever material the ~~ombudsman~~ commissioner deems pertinent, the ~~ombudsman~~ commissioner may recommend action to the appropriate authority.

(b) If the ~~ombudsman~~ commissioner makes a recommendation to an appropriate authority for action, the authority shall, within a reasonable time period, but not more than 30 days, inform the ~~ombudsman~~ commissioner about the action taken or the reasons for not complying with the recommendation.

(c) The ~~ombudsman~~ commissioner may publish conclusions and suggestions by transmitting them to the governor, the legislature or any of its committees, the press, and others who may be concerned. When publishing an opinion adverse to an administrative agency, the ~~ombudsman~~ commissioner shall include any statement the administrative agency may have made to the ~~ombudsman~~ commissioner by way of explaining its past difficulties or its present rejection of the ~~ombudsman's~~ commissioner's proposals.

Sec. 27. Minnesota Statutes 2000, section 611A.74, subdivision 6, is amended to read:

Subd. 6. **REPORTS.** In addition to whatever reports the ~~ombudsman~~ commissioner may make from time to time, the ~~ombudsman~~ commissioner shall biennially report to the legislature and to the governor concerning the exercise of ~~ombudsman~~ the commissioner's functions under sections 611A.72 to 611A.74 during the preceding biennium. The biennial report is due on or before the beginning of the legislative session following the end of the biennium.

Sec. 28. Laws 2001, First Special Session chapter 8, article 4, section 10, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	88,001,000	84,299,000
	<u>87,851,000</u>	<u>84,149,000</u>

Summary by Fund

	2002	2003
General	84,919,000	81,195,000
	<u>84,769,000</u>	<u>81,045,000</u>
Special Revenue	2,674,000	2,687,000
State Government Special Revenue	7,000	7,000
Environmental	47,000	49,000
Trunk Highway	354,000	361,000

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

**DWI PENALTY FUNDS.** The commissioners of public safety and transportation must jointly report annually to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over transportation and public safety finance issues on the expenditure of any federal funds available under the repeat offender transfer program, Public Law Number 105-206, section 164.

Sec. 29. Laws 2001, First Special Session chapter 8, article 4, section 10, subdivision 7, is amended to read:

Subd. 7. Law Enforcement and Community Grants

Summary by Fund

General	6,942,000	6,136,000
	6,792,000	5,986,000
Special Revenue	2,130,000	2,130,000

**UNENCUMBERED BALANCES.** Any unencumbered balances remaining in the first year do not cancel but are available for the second year.

**ENCUMBERED BALANCES.** Notwithstanding Minnesota Statutes, section 16A.28, appropriations encumbered under contract on or before June 30 each year are available until the following June 30.

**SPECIAL REVENUE; RACIAL PROFILING.** The appropriation from the special revenue account must be spent according to article 7, section 14.

**FUNDING TO COMBAT METHAMPHETAMINE TRAFFICKING AND PRODUCTION.** \$471,000 the first year is

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a onetime appropriation for grants under Minnesota Statutes, section 299C.065, subdivision 1, clause (1), including grants to the bureau of criminal apprehension for increased law enforcement costs relating to methamphetamine trafficking and production. Grant recipients must be chosen by the office of drug policy and violence prevention after consulting with the narcotics enforcement coordinating committee. Grants to drug task force agencies must be allocated in a balanced manner among rural, suburban, and urban agencies. Grants may be awarded and used for the following items relating to clandestine methamphetamine labs:

- (1) increased general law enforcement costs;
- (2) training materials and public awareness publications;
- (3) peace officer training courses, certification, and equipment; and
- (4) reimbursements to law enforcement agencies for extraordinary or unusual overtime and investigative expenses.

Grants must not be used for methamphetamine lab site cleanup or disposal of seized equipment or chemicals. Additionally, grants must not supplant current local spending or other state or federal grants allocated by the commissioner for similar purposes.

**GANG STRIKE FORCE GRANTS.**

\$750,000 the first year and \$750,000 the second year are onetime appropriations for criminal gang strike force grants under Minnesota Statutes, section 299A.66. The commissioner of public safety must provide direct administrative and fiscal over-

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sight for all grants awarded under Minnesota Statutes, section 299A.66.

**USE OF BYRNE GRANTS.** The commissioner must consider using a portion of federal Byrne grant funds for grants to:

- (1) the center for reducing rural violence;
- (2) organizations or agencies that provide gang prevention services, such as the boys and girls club, the youth experiencing alternatives (YEA) program, the police athletic league, agencies eligible for Asian-American juvenile crime intervention and prevention grants under Minnesota Statutes, section 299A.2994, subdivision 3, clause (2), or other similar organizations; and
- (3) continue funding the pilot project to provide neighborhood-based services to crime victims and witnesses funded in Laws 1999, chapter 216, article 1, section 8, subdivision 3, and described in Laws 1999, chapter 216, article 2, section 23.

**JOINT DOMESTIC ABUSE PROSECUTION UNIT.** \$197,000 the first year is a onetime appropriation for a grant to the Ramsey county attorney's office to continue funding the joint domestic abuse prosecution unit. This appropriation is available until June 30, 2003.

The Ramsey county attorney's office and the St. Paul city attorney's office shall continue the joint domestic abuse prosecution unit pilot project established by the legislature under Laws 2000, chapters 471, section 3; and 488, article 6, section 10. The appropriation must be used to continue the pilot project beyond its first year of operation and allow a meaningful evaluation that will benefit other jurisdictions in

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Minnesota. The unit has authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit shall also coordinate efforts with child protection attorneys. The unit may include four cross-deputized assistant city attorneys and assistant county attorneys and a police investigator. A victim/witness advocate, a law clerk, a paralegal, and a secretary may provide support.

The goals of this pilot project are to:

- (1) recognize children as both victims and witnesses in domestic abuse situations;
- (2) recognize and respect the interests of children in the prosecution of domestic abuse; and
- (3) reduce the exposure to domestic violence for both adult and child victims.

By January 15, 2002, the Ramsey county attorney's office and the St. Paul city attorney's office shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures.

**COPS, HEAT, AND FINANCIAL CRIMES INVESTIGATION UNIT GRANTS.** \$250,000 the first year and \$250,000 the second year are onetime appropriations for grants under either Minnesota Statutes, section 299A.62 or 299A.68. Grants awarded from this appropriation under Minnesota Statutes, section 299A.62, are for overtime for peace offic-

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ers. Of the total grants awarded from this appropriation under Minnesota Statutes, section 299A.62, 50 percent must go to the St. Paul and Minneapolis police departments and 50 percent must go to other law enforcement agencies statewide. Any amounts from this appropriation awarded to the St. Paul police department must be used to increase the current degree of implementation of the HEAT law enforcement strategy. The HEAT law enforcement strategy must be a community-driven strategic initiative that is used to target criminal conduct in specific areas of St. Paul with higher crime rates than the city average. It must target offenders based upon their criminal behavior and not other factors and be planned and implemented taking into consideration the wishes of the targeted communities. Grants awarded under Minnesota Statutes, section 299A.68, may be used to cover costs for salaries, equipment, office space, and other necessary services or expenses of a financial crimes investigation task force. The commissioner must distribute the grants in a manner designed to be equitable to the grantees given their contributions to the investigation task force and to encourage their continued participation. Participating local units of government must provide a 25 percent match from nonstate funds or in-kind contributions either directly from their budgets or from businesses directly donating support in order for the financial crimes investigation task force to obtain any grant funding under Minnesota Statutes, section 299A.68. This appropriation is available until June 30, 2003.

**MODEL POLICING PROGRAM;  
MENTAL ILLNESS CALLS.** \$150,000 the first year is a onetime appropriation for developing and implementing up to four model policing program pilot projects re-

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quired under Minnesota Statutes, section 626.8441, subdivision 1, and to produce required reports.

**AUTOMOBILE THEFT PREVENTION GRANTS.** The commissioner may make grants under Minnesota Statutes 2000, section 299A.75, to past grantees during the time period before which the changes made to that section in article 5, sections 6 to 8, become operational.

**ADMINISTRATION COSTS.** Up to 2.5 percent of the grant funds appropriated in this subdivision may be used to administer the grant programs.

Sec. 30. Laws 2001, First Special Session chapter 8, article 4, section 11, is amended to read:

Sec. 11. BOARD OF PEACE OFFICER STANDARDS AND TRAINING

4,692,000	4,724,000
<u>4,604,000</u>	<u>4,633,000</u>

**PEACE OFFICER TRAINING ACCOUNT.** This appropriation is from the peace officer training account in the special revenue fund. Any receipts credited to the peace officer training account in the special revenue fund in the first year in excess of \$4,692,000 \$4,604,000 must be transferred and credited to the general fund. Any receipts credited to the peace officer training account in the special revenue fund in the second year in excess of \$4,724,000 \$4,633,000 must be transferred and credited to the general fund.

Sec. 31. **WORKING GROUP ON CRIMINAL JUSTICE SYSTEM EFFICIENCY.**

(a) The commissioners of corrections and public safety shall convene a working group of criminal justice professionals to identify and study ways to make the state's criminal justice system more efficient and effective at both the state and local levels. The chief justice of the supreme court and state public defender are requested to take part in this working group.

The working group may be divided into subworking groups if doing so will assist in meeting the working group's objectives. The working group and each subworking

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group shall seek input from criminal justice practitioners and individuals working throughout the criminal justice area. To the extent feasible and practical, the working group shall incorporate bench marking and best practices components in carrying out its work.

(b) The commissioners of corrections and public safety, with the input of the chief justice of the supreme court and state public defender, shall report to the chairs and ranking minority members of the house and senate committees with jurisdiction over criminal justice policy and funding on its findings and recommendations by January 15, 2003.

#### Sec. 32. **FILE AND DATA TRANSFER.**

On June 30, 2002, the crime victim ombudsman shall deliver to the commissioner of public safety all files, records, and data under the authority or control of the ombudsman relating to all of the activities and investigations of the office of the crime victim ombudsman.

#### Sec. 33. **REPEALER.**

(a) Minnesota Statutes 2000, sections 611A.37, subdivisions 6 and 7; and 611A.375, are repealed.

(b) Minnesota Statutes 2000, section 611A.74, subdivision 1a, is repealed.

#### Sec. 34. **EFFECTIVE DATE.**

(a) Sections 1 to 5, 9, 12, and 30 are effective the day following final enactment.

(b) Sections 16, 17, and 33, paragraph (a), are effective July 1, 2003.

(c) The amendments to section 18, subdivisions 1 and 2, are effective July 1, 2003. Section 18, subdivision 3, is effective the day following final enactment.

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## ARTICLE 8

### ENVIRONMENT AND NATURAL RESOURCES

#### Section 1. **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS AND REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, or other law, to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. The term "the first year" means the year

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ending June 30, 2002, and the term "the second year" means the year ending June 30, 2003.

## SUMMARY BY FUND

	2002	2003	TOTAL
APPROPRIATIONS			
General	\$ ( 103,000)	\$ (12,797,000)	\$ (12,900,000)
Solid Waste	1,030,000	2,541,000	3,571,000
Environmental	-0-	683,000	683,000
Natural Resources	800,000	850,000	1,650,000
Environment and Natural Resources Trust Fund	158,000	158,000	316,000
TOTAL	\$ 1,885,000	\$ (8,565,000)	\$ (6,680,000)
TRANSFERS IN	\$ -0-	\$ (1,300,000)	\$ (1,300,000)

APPROPRIATIONS  
Available for the Year  
Ending June 30

2002                      2003

Sec. 2. POLLUTION CONTROL  
AGENCY

Subdivision 1. Total Appropriations		\$ 927,000	\$ (1,437,000)
Summary by Fund			
General	(103,000)	(3,161,000)	
Solid Waste	1,030,000	1,041,000	
Environmental	-0-	683,000	

The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, section 2, are specified in the following subdivisions.

Subd. 2. Protection of the Water

1,300,000              (1,300,000)

Summary by Fund

General	1,300,000	(1,983,000)
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Environmental	-0-	683,000
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The appropriation in Laws 2001, First Special Session chapter 2, section 2, subdivision 2, for the clean water partnership program is \$3,648,000 the first year and \$1,048,000 the second year. The annual base level funding for the clean water partnership program is \$2,348,000 beginning in fiscal year 2004.

The annual base level funding from the general fund for protection of the water is increased by \$40,000 beginning in fiscal year 2004.

Subd. 3. Protection of the Land

-0-	-0-
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Summary by Fund

General	(1,030,000)	(1,041,000)
Solid Waste	1,030,000	1,041,000

Subd. 4. Administrative Support

(373,000)	(137,000)
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Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE

-0-	(549,000)
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Summary by Fund

General	-0-	(2,049,000)
Solid Waste	-0-	1,500,000

\$1,401,000 the second year is a reduction from the money appropriated for SCORE block grants to counties in Laws 2001, First Special Session chapter 2, section 3.

\$1,500,000 the second year is appropriated from the solid waste fund for mixed municipal solid waste processing payments under Minnesota Statutes, section 115A.545.

Sec. 4. ZOOLOGICAL BOARD	-0-	(383,000)
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Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriations	800,000	(4,535,000)
Summary by Fund		
General	-0-	(5,385,000)
Natural Resources	800,000	850,000

The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, section 5, are specified in the following subdivisions.

Subd. 2. Land and Mineral Resources Management

-0- (89,000)

\$33,000 the second year of this reduction is from iron ore cooperative research.

The nonstate match amount required for the second year of the iron ore cooperative research appropriation in Laws 2001, First Special Session chapter 2, section 5, subdivision 2, is reduced by \$20,000.

\$30,000 the second year of this reduction is from minerals diversification.

\$15,000 the second year of this reduction is from minerals cooperative environmental research.

The nonstate match amount required for the second year of the minerals cooperative environmental research appropriation in Laws 2001, First Special Session chapter 2, section 5, subdivision 2, is reduced by \$7,000.

Subd. 3. Water Resources Management

-0- (563,000)

Subd. 4. Forest Management

-0- (599,000)

\$300,000 the second year of this reduction is from the programs and practices on state, county, and private lands to regenerate and protect Minnesota's white pine.

The amount available for matching funds in the second year of the appropriation for white pine regeneration and protection in Laws 2001, First Special Session chapter 2, section 5, subdivision 4, is reduced by \$112,000 for nonindustrial private forest lands, and the amount for matching funds for county administered lands is reduced by \$60,000.

\$200,000 the second year of this reduction is from the forest resources council for implementation of the Sustainable Forest Resources Act.

Subd. 5. Parks and Recreation Management

-0- (317,000)

In fiscal year 2004, the annual base level funding for state parks and recreation areas is decreased by \$250,000 from the 2003 level.

In fiscal year 2004, the annual base level funding for metropolitan area regional parks maintenance and operations is decreased by \$400,000 from the 2003 level.

The appropriation specified in Laws 2001, First Special Session chapter 2, section 5, subdivision 5, clause (10), may be used for state park operations.

\$25,000 from money appropriated in the second year for state parks and recreation areas is for a grant to Taylors Falls for fire and rescue operations in support of Interstate park.

Subd. 6. Trails and Waterways Management

800,000 523,000

Summary by Fund

General -0- (177,000)

Natural Resources	800,000	700,000
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In addition to the appropriation made for this purpose under Laws 2001, First Special Session chapter 2, section 5, subdivision 6, \$800,000 the first year and \$700,000 the second year are appropriated from the snowmobile trails and enforcement account for the grant-in-aid trail system.

Subd. 7. Fish Management

-0-	(154,000)
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\$134,000 the second year of this reduction is from the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

\$20,000 the second year of this reduction is from aquatic plant restoration.

Subd. 8. Wildlife Management

-0-	(110,000)
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Subd. 9. Ecological Services

-0-	(44,000)
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This reduction is from the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

Subd. 10. Enforcement

-0-	(199,000)
-----	-----------

Summary by Fund

General	-0-	(349,000)
Natural Resources	-0-	150,000

\$150,000 the second year is from the snowmobile trails and enforcement account for snowmobile enforcement activities.

## Subd. 11. Operations Support

-0- (2,983,000)

\$1,052,000 the second year of this reduction is from the operations of youth programs. The base appropriation for this item is eliminated in fiscal year 2004.

In fiscal year 2004, the entire annual base level funding for operations support is decreased by \$901,000.

## Sec. 6. BOARD OF WATER AND SOIL RESOURCES

-0- (1,754,000)

\$382,000 the second year of this reduction is from natural resources block grants to local governments. The block grants made from the remaining amount of the appropriation may be used to implement comprehensive local water planning, the Wetland Conservation Act, and the Shoreland Management Act.

\$800,000 the second year of this reduction is from grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

\$49,000 the second year of this reduction is from grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management. The appropriation for area 2 floodplain management terminates in fiscal year 2004.

## Sec. 7. SCIENCE MUSEUM OF MINNESOTA

-0- (65,000)

## Sec. 8. MINNESOTA RESOURCES

158,000 158,000

The appropriations in this section are from the environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6. The appropriations in this section are subject to the

requirements of Laws 2001, First Special Session chapter 2, section 14, subdivisions 11, 12, 14, 15, 16, and 17. Any unencumbered balance remaining in the appropriations the first year does not cancel and is available for the second year. Unless otherwise provided, the appropriations are available until June 30, 2003, when projects must be completed and final products delivered.

The following amounts are appropriated from the environment and natural resources trust fund:

(1) \$127,000 the first year and \$127,000 the second year are to the University of Minnesota for the second biennium of a two-biennia project to complete production of a multipart, televised film series of the history of Minnesota's natural landscapes. This appropriation must be matched by \$200,000 in nonstate money and is available upon commitment of the match. This appropriation is available until June 30, 2004; and

(2) \$31,000 the first year and \$31,000 the second year are to reimburse the legislative commission on Minnesota resources for expenses and anticipated costs of the citizens advisory committee.

Sec. 9. TRANSFERS

-0-

1,300,000

By June 30, 2003, the commissioner of finance shall transfer \$1,300,000 from the Minnesota future resources fund to the general fund.

Sec. 10. Minnesota Statutes 2000, section 85A.02, subdivision 17, is amended to read:

Subd. 17. **ADDITIONAL POWERS.** The board may establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility. Notwithstanding section 16A.1283, legislative approval is not required for the board to establish a schedule of charges for admission or use of the Minnesota

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

zoological garden or related facilities. The board shall have a policy admitting elementary school children at no charge when they are part of an organized school activity. The Minnesota zoological garden will offer free admission throughout the year to economically disadvantaged Minnesota citizens equal to ten percent of the average annual attendance. However, the zoo may charge at any time for parking, special services, and for admission to special facilities for the education, entertainment, or convenience of visitors. The board may provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of these items.

Sec. 11. Minnesota Statutes 2001 Supplement, section 93.2235, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER.** The commissioner shall establish a program to award grants to taconite mining companies for:

- (1) taconite pellet product improvements;
- (2) value-added production of taconite iron ore; or
- (3) cost-savings production improvements at Minnesota taconite plants.

An amount equal to the sum of money transferred to the general fund under section 93.223, subdivision 1, reduced by \$100,000, is annually appropriated from the general fund to the commissioner for the purposes of this section.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 12. Minnesota Statutes 2001 Supplement, section 115A.545, subdivision 1, is amended to read:

Subdivision 1. **DEFINITION.** (a) For the purpose of this section, the following terms have the meanings given them.

- (b) "Processed" means mixed municipal solid waste that has been:
- (1) burned for energy recovery; or
  - (2) processed into usable compost or refuse derived fuel.

(c) "Processing facility" means a facility designed to burn mixed municipal solid waste for energy recovery or designed to process mixed municipal solid waste into usable compost or refuse-derived fuel.

(d) "County" includes a consortium of counties operating under a solid waste management joint powers agreement.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 13. Minnesota Statutes 2001 Supplement, section 115A.545, subdivision 2, is amended to read:

Subd. 2. **PROCESSING PAYMENT.** (a) The director shall pay counties a processing payment for each ton of mixed municipal solid waste that is generated in the county and processed at a resource recovery facility ~~located in Minnesota.~~ The

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

processing payment shall be \$5 for each ton of mixed municipal solid waste processed.

(b) The director shall also pay a processing payment to a county that does not qualify under paragraph (a) that constructed a processing facility and that either:

(1) contracts for waste generated in the county to be received at a facility in that county; or

(2) has a comprehensive solid waste management plan approved by the director under section 115A.46 that demonstrates the intention of the county to make the processing facility operational.

The processing payment shall be \$5 for each ton of mixed municipal waste generated in the county and delivered under contract with the county.

(c) By the last day of October, January, April, and July, each county claiming the processing payment shall file a claim for payment with the director for the three previous months certifying the number of tons of mixed municipal solid waste that were generated in the county and processed at a resource recovery facility. The director shall pay the processing payments by November 15, February 15, May 15, and August 15 each year.

(e) (d) If the total amount for which all counties are eligible in a quarter exceeds the amount available for payment, the director shall make the payments on a pro rata basis.

(d) (e) All of the money received by a county under this section paragraph (a) must be used to lower the tipping fee for waste to be processed at a resource recovery facility.

(f) Amounts received by a county under:

(1) paragraph (b), clause (1), must be used to lower the tipping fee for waste received at a waste management facility within the county for waste received under contract with the county at a facility in the county; or

(2) paragraph (b), clause (2), must be used to assist in making the county's processing facility operational.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 14. Minnesota Statutes 2000, section 115A.554, is amended to read:

**115A.554 AUTHORITY OF SANITARY DISTRICTS.**

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.0716; 115A.46, subdivisions 4 and 5; 115A.48; 115A.545; 115A.551; 115A.552; 115A.553; 115A.919; 115A.929; 115A.93; 115A.96, subdivision 6; 115A.961; 116.072; 375.18, subdivision 14; 400.08; 400.16; and 400.161.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

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

**Sec. 15. INCREASE TO WATER QUALITY PERMIT FEES.**

(a) The pollution control agency shall collect water quality permit application and annual fees that reflect the fees in Minnesota Rules, part 7002.0310, increased to the amounts described in paragraphs (b) to (g).

(b) The application fee for individual permits, general permits, and general industrial stormwater permits is \$240.

(c) The annual fees for individual National Pollutant Discharge Elimination System permits for major municipal facilities are as follows:

<u>Design Flow in</u> <u>Million Gallons Per Day</u>	<u>Annual Fee</u>
<u>50 and over</u>	<u>\$175,750</u>
<u>20 to 49.99</u>	<u>\$40,350</u>
<u>5 to 19.99</u>	<u>\$14,350</u>
<u>Up to 4.99</u>	<u>\$5,900</u>

(d) The annual fees for individual National Pollutant Discharge Elimination System permits for major nonmunicipal facilities are as follows:

<u>Design Flow in</u> <u>Million Gallons Per Day</u>	<u>Annual Fee</u>
<u>20 to 49.99</u>	<u>\$44,200</u>
<u>5 to 19.99</u>	<u>\$18,250</u>
<u>Up to 4.99</u>	<u>\$8,450</u>
<u>Cooling or mine pit</u> <u>dewatering (any flow)</u>	<u>\$16,900</u>

(e) The annual fees for individual National Pollutant Discharge Elimination System and State Disposal System permits for nonmajor municipal facilities with design flows greater than 0.100 million gallons per day are \$1,450.

(f) The annual fees for general industrial stormwater permits are \$280.

(g) The annual fees for general National Pollutant Discharge Elimination System and State Disposal System permits are \$345.

(h) The application and annual fees are not increased for general construction stormwater permits and sanitary sewer extension permits. The annual fees are not increased for National Pollutant Discharge Elimination System and State Disposal System permits regulating municipal nonmajors with facility design flow of 0 to .100, sewage sludge landspreading facilities, and nonmajor nonmunicipal facilities.

(i) The increased permit fees are effective July 1, 2002. The agency shall adopt amended water quality permit fee rules incorporating the permit fee increases in this subdivision under Minnesota Statutes, section 14.389. The pollution control agency shall begin collecting the increased permit fees on July 1, 2002, even if the rule adoption process has not been initiated or completed. Notwithstanding Minnesota Statutes, section 14.18, subdivision 2, the increased permit fees reflecting the permit fee increases in this section and the rule amendments incorporating those permit fee increases do not require further legislative approval.

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

**Sec. 16. REPEALER.**

(a) Minnesota Statutes 2000, sections 103B.3369, subdivisions 7 and 8; 103B.351; 103F.461; and 103G.2373, are repealed.

(b) Minnesota Rules, parts 8405.0100; 8405.0110; 8405.0120; 8405.0130; 8405.0140; 8405.0150; 8405.0160; 8405.0170; 8405.0180; 8405.0190; 8405.0200; 8405.0210; 8405.0220; and 8405.0230, are repealed.

**Sec. 17. EFFECTIVE DATE.**

Except as otherwise specified, this article is effective the day following final enactment.

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**ARTICLE 9**

**AGRICULTURE AND RURAL DEVELOPMENT**

**Section 1. AGRICULTURE APPROPRIATIONS AND REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, or other law, to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. The term "the first year" means the year ending June 30, 2002, and the term "the second year" means the year ending June 30, 2003.

**SUMMARY BY FUND**

	2002	2003	TOTAL
<b>APPROPRIATIONS</b>			
General	\$ (469,000)	\$ (1,227,000)	\$ (1,696,000)
<b>TRANSFERS IN</b>	(2,705,000)	(1,996,000)	(4,701,000)
		<b>APPROPRIATIONS</b>	
		Available for the Year	
		Ending June 30	
		2002	2003

**Sec. 2. AGRICULTURE**

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

Subdivision 1. Total Appropriation Reductions	(26,000)	(810,000)
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The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, are specified in the following subdivisions.

Subd. 2. Protection Services

-0-	(250,000)
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Base funding for the protection service program is \$11,451,000 in the fiscal year beginning July 1, 2003.

Subd. 3. Agricultural Marketing and Development

(21,000)	(71,000)
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Base funding for the agricultural marketing and development program is \$5,530,000 for the fiscal year beginning July 1, 2003.

Subd. 4. Administration and Financial Assistance

(5,000)	(489,000)
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\$5,000 the first year and \$2,000 the second year of this reduction are from family farm security interest payment adjustments.

\$175,000 the second year of this reduction is from grants to agriculture information centers.

\$11,500 the second year of this reduction is from the appropriation for the Seaway Port Authority of Duluth.

Base funding for the administration and financial assistance program is \$4,344,000 for the fiscal year beginning July 1, 2003.

Subd. 5. Cancellations

\$43,000 from Laws 2000, chapter 488, article 3, section 5, for grants to one or

more cooperative associations for the purpose of facilitating the production and marketing of short rotation woody crops is canceled to the general fund.

Subd. 6. Transfers

(a) By June 30, 2002, the commissioner shall transfer the unencumbered cash balance in the ethanol development fund established in Minnesota Statutes, section 41B.044, to the general fund.

(b) By June 30, 2002, the commissioner shall transfer \$106,000 from the balance in the family farm security account established in Minnesota Statutes, section 41.61, to the general fund.

(c) By June 30, 2002, the commissioner shall transfer \$890,000 from the unencumbered bond proceeds balance in the family farm security account established in Minnesota Statutes, section 41.61, to the debt service fund.

(d) By June 30, 2004, the commissioner shall transfer \$800,000 from the unencumbered bond proceeds balance in the family farm security account established in Minnesota Statutes, section 41.61, to the debt service fund.

(e) By June 30, 2004, the commissioner shall transfer \$50,000 from the balance in the family farm security account established in Minnesota Statutes, section 41.61, to the general fund.

(f) By June 30, 2005, the commissioner shall transfer \$410,000 from the unencumbered bond proceeds balance in the family farm security account established in Minnesota Statutes, section 41.61, to the debt service fund.

Sec. 3. MINNESOTA HORTICULTURE SOCIETY	-0-	(16,000)
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This is a onetime reduction.

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	(400,000)	(401,000)
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\$20,000 each year of the reduction is from the money appropriated for hybrid tree management research and development.

Base funding of the agricultural utilization research institute is \$3,717,000 for the fiscal year beginning July 1, 2003.

Sec. 5. Minnesota Statutes 2001 Supplement, section 17.117, subdivision 5a, is amended to read:

Subd. 5a. **AGRICULTURAL AND ENVIRONMENTAL REVOLVING ACCOUNTS.** (a) There shall be established in the agricultural fund revolving accounts to receive appropriations, transfers of the balances from previous appropriations for the activities under this section, and money from other sources. All balances from previous appropriations for activities under this section and repayments of loans granted under this section, including principal and interest, must be deposited into the appropriate revolving account created in this subdivision or the account created in subdivision 13. Interest earned in an account accrues to that account.

(b) The money in the revolving accounts and the account created in subdivision 13 is appropriated to the commissioner for the purposes of this section.

Sec. 6. Minnesota Statutes 2000, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. **PAYMENTS.** (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 ~~19~~ cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to

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

the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

No payments shall be made for production that occurs after June 30, 2010.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) Payments under paragraphs (a) and (b) to all producers may not exceed ~~\$37,000,000~~ \$35,150,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed ~~\$3,000,000~~ \$2,850,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

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

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

- (1) an application for approval of the new production capacity;
- (2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and
- (3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.

(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) ~~20~~ 19 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

**EFFECTIVE DATE.** This section is effective for payments for ethanol production after July 1, 2004.

#### **Sec. 7. TRANSFER OF FUNDS; DEPOSIT OF REPAYMENTS.**

The remaining balance in the disaster recovery revolving fund established under Minnesota Statutes, section 41B.047, subdivision 2, is transferred to the revolving

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

account described in Minnesota Statutes, section 17.115, for purposes of Minnesota Statutes, section 17.115, subdivision 5, and the fund is abolished on the effective date of this section. Notwithstanding Minnesota Statutes, section 41B.047, subdivision 2, all future receipts from loans originated under Minnesota Statutes, section 41B.047, shall be deposited in the account.

**Sec. 8. REPEALER.**

Minnesota Statutes 2000, section 41B.047, subdivision 2, is repealed.

**Sec. 9. EFFECTIVE DATE.**

Except as otherwise specified, this article is effective the day following final enactment.

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**ARTICLE 10**

**STATE GOVERNMENT APPROPRIATIONS**

**Section 1. STATE GOVERNMENT APPROPRIATIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 10, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

**SUMMARY BY FUND**

	2002	2003	TOTAL
<b>APPROPRIATIONS</b>			
General	\$ (14,695,000)	\$ (30,005,000)	\$ (44,700,000)
		<b>APPROPRIATIONS</b>	
		Available for the Year	
		Ending June 30	
		2002	2003
<b>Sec. 2. LEGISLATURE</b>			
Subdivision 1. Total			
Appropriation		-0-	(2,245,000)
Subd. 2. Senate			
	-0-	(688,000)	

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

## Subd. 3. House of Representatives

-0-	(910,000)	
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## Subd. 4. Legislative Coordinating Commission

-0-	(647,000)	
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\$164,000 is a reduction for the office of the legislative auditor.

Sec. 3. SECRETARY OF STATE	-0-	(199,000)
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Budget reductions shall not come from revenue producing programs or elections.

Sec. 4. GOVERNOR'S OFFICE	(460,000)	(702,000)
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No funding may be used for the operation of the Washington, D.C., office of the state of Minnesota.

Sec. 5. STATE AUDITOR	(503,000)	(540,000)
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Sec. 6. STATE TREASURER	-0-	(30,000)
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Sec. 7. ATTORNEY GENERAL	-0-	(900,000)
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The attorney general, in consultation with the affected agencies, shall prepare a plan for ending partnership agreements with agencies and shall submit the plan to the legislature by November 15, 2002.

Sec. 8. BOARD OF GOVERNMENT INNOVATION COOPERATION	(275,000)	(518,000)
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Sec. 9. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	(600,000)	(560,000)
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## Sec. 10. ADMINISTRATION

Subdivision 1. Total Appropriation	(274,000)	(3,784,000)
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## Subd. 2. Operations Management

-0-	(989,000)	
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The base funding for the 2004-2005 biennium is \$3,002,000 a year.

## Subd. 3. Office of Technology

-0- (774,000)

The base funding for the 2004-2005 bien-  
nium is \$4,622,000 in 2004 and \$2,442,000  
in 2005.

Subd. 4. Intertechnologies Group  
General Fund

(200,000) (533,000)

The base funding for the 2004-2005 bien-  
nium is \$382,000 a year.

## Subd. 5. Management Services

-0- (707,000)

The base funding for the 2004-2005 bien-  
nium is \$3,145,000 a year. Base funding  
may not be reduced for the information  
policy analysis program.

## Subd. 6. Facilities Management

-0- (714,000)

The base funding for the 2004-2005 bien-  
nium is \$3,583,000 a year.

## Subd. 7. Public Broadcasting

-0- (67,000)

The base funding for the 2004-2005 bien-  
nium is \$3,197,000 each year. The  
\$133,000 reduction each year must be ap-  
plied on a proportional basis.

## Subd. 8. Fiscal Agents

(74,000) -0-

Voting equipment grants are reduced by  
\$74,000 in fiscal year 2002.

## Sec. 11. FINANCE

Subdivision 1. Total Appropriation  
Reductions

(1,773,000) (3,609,000)

## Subd. 2. State Financial Management

(204,000) (1,195,000)

Subd. 3. Information and Management Services

(910,000) (1,974,000)

\$446,000 in the first year and \$220,000 in the second year are onetime reductions.

Subd. 4. Carryforward

(660,000) (440,000)

This reduction is from Laws 1999, chapter 250, article 1, section 14, subdivision 3.

Subd. 5. Dislocated Worker Program

The commissioner of finance shall transfer \$2,800,000 from the general fund to the workforce development fund for the dislocated worker program. This transfer shall occur within 14 days following final enactment of this act.

Sec. 12. EMPLOYEE RELATIONS	(660,000)	(1,269,000)
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Sec. 13. REVENUE

Subdivision 1. Total Appropriation Reduction	(7,000,000)	(7,000,000)
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Sec. 14. AMATEUR SPORTS COMMISSION	(60,000)	(60,000)
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Sec. 15. MINNESOTA HUMANITIES COMMISSION	-0-	(41,000)
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Sec. 16. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	-0-	(526,000)
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Subd. 2. Operations and Services	-0-	(43,000)
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Subd. 3. Grants Programs	-0-	(342,000)
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Subd. 4. Regional Arts Councils	-0-	(141,000)
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Sec. 17. MILITARY AFFAIRS	(452,000)	(2,399,000)
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The base funding for the 2004-2005 biennium is \$12,472,000 each year.

Sec. 18. VETERANS AFFAIRS	-0-	(180,000)
Sec. 19. MINNESOTA STATE RETIREMENT SYSTEM	-0-	(2,004,000)
<p>\$2,004,000 of the appropriation reduction the second year is to eliminate the open appropriation for judges not participating in the postretirement fund, effective July 1, 2002. The reduction in 2004 is \$2,124,000 and in 2005 is \$2,251,000.</p>		
Sec. 20. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	-0-	(35,000)
Sec. 21. INVESTMENT BOARD	-0-	(127,000)
Sec. 22. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	-0-	(16,000)
Sec. 23. LAWFUL GAMBLING CONTROL BOARD	-0-	(126,000)
Sec. 24. MINNESOTA RACING COM- MISSION	-0-	(21,000)
Sec. 25. TORT CLAIMS	-0-	(114,000)
Sec. 26. CONTINGENT ACCOUNTS	(2,638,000)	(3,000,000)

Sec. 27. LEGISLATIVE INTENT

It is the legislature's intent that, unless provided otherwise in this article, base reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead expenses and with as little impact as possible on programs and services.

Sec. 28. Minnesota Statutes 2000, section 15.0591, subdivision 2, is amended to read:

Subd. 2. **BODIES AFFECTED.** A member meeting the qualifications in subdivision 1 must be appointed to the following boards, commissions, advisory councils, task forces, or committees:

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

- (1) advisory council on battered women and domestic abuse;
- (2) advisory task force on the use of state facilities;
- (3) alcohol and other drug abuse advisory council;
- (4) board of examiners for nursing home administrators;
- (5) board on aging;
- (6) chiropractic examiners board;
- (7) consumer advisory council on vocational rehabilitation;
- (8) council on disability;
- (9) council on affairs of Chicano/Latino people;
- (10) council on Black Minnesotans;
- (11) dentistry board;
- (12) department of economic security advisory council;
- (13) higher education services office;
- (14) housing finance agency;
- (15) Indian advisory council on chemical dependency;
- (16) medical practice board;
- (17) medical policy directional task force on mental health;
- (18) Minnesota employment and economic development task force;
- (19) ~~Minnesota office of citizenship and volunteer services advisory committee;~~
- (~~20~~) Minnesota state arts board;
- (~~21~~) (20) nursing board;
- (~~22~~) (21) optometry board;
- (~~23~~) (22) pharmacy board;
- (~~24~~) (23) board of physical therapy;
- (~~25~~) (24) podiatry board;
- (~~26~~) (25) psychology board;
- (~~27~~) (26) veterans advisory committee.

Sec. 29. Minnesota Statutes 2000, section 16A.40, is amended to read:

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

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall

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

enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

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

Sec. 30. Minnesota Statutes 2001 Supplement, section 16B.65, subdivision 1, is amended to read:

Subdivision 1. **DESIGNATION.** By January 1, 2002, each municipality shall designate a building official to administer the code. A municipality may designate no more than one building official responsible for code administration defined by each certification category established in rule. Two or more municipalities may combine in the designation of a building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been designated, the state building official may use whichever state employees are necessary to perform the duties of the building official until the municipality makes a temporary or permanent designation. All costs incurred by virtue of these services rendered by state employees must be borne by the involved municipality and receipts arising from these services must be paid into the state treasury and credited to the general special revenue fund.

Sec. 31. Minnesota Statutes 2001 Supplement, section 16B.65, subdivision 5a, is amended to read:

Subd. 5a. **ADMINISTRATIVE ACTION AND PENALTIES.** The commissioner shall, by rule, establish a graduated schedule of administrative actions for violations of sections 16B.59 to 16B.75 and rules adopted under those sections. The schedule must be based on and reflect the culpability, frequency, and severity of the violator's actions. The commissioner may impose a penalty from the schedule on a certification holder for a violation of sections 16B.59 to 16B.75 and rules adopted under those sections. The penalty is in addition to any criminal penalty imposed for the same violation. Administrative monetary penalties imposed by the commissioner must be paid to the general special revenue fund.

Sec. 32. Minnesota Statutes 2000, section 124D.385, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP.** (a) The commission consists of 18 voting members. Voting members shall include the commissioner of children, families, and learning, a representative of the children's cabinet elected by the members of the children's cabinet, and the executive director of the higher education services office.

(b) The governor shall appoint 15 additional voting members. Eight of the voting members appointed by the governor shall include a representative of public or nonprofit organizations experienced in youth employment and training, organizations promoting adult service and volunteerism, community-based service agencies or organizations, local public or private sector labor unions, local governments, business, a national service program, and Indian tribes. The remaining seven voting members

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

appointed by the governor shall include an individual with expertise in the educational, training, and development needs of youth, particularly disadvantaged youth; a youth or young adult who is a participant in a higher education-based service-learning program; a disabled individual representing persons with disabilities; a youth who is out-of-school or disadvantaged; an educator of primary or secondary students; an educator from a higher education institution; and an individual between the ages of 16 and 25 who is a participant or supervisor in a youth service program.

(c) The governor shall appoint up to five ex officio nonvoting members from among the following agencies or organizations: the departments of economic security, natural resources, human services, health, corrections, agriculture, public safety, finance, and labor and industry, the ~~Minnesota office of citizenship and volunteer services~~, the housing finance agency, and Minnesota Technology, Inc. A representative of the corporation for national and community service shall also serve as an ex officio nonvoting member.

(d) Voting and ex officio nonvoting members may appoint designees to act on their behalf. The number of voting members who are state employees shall not exceed 25 percent.

(e) The governor shall ensure that, to the extent possible, the membership of the commission is balanced according to geography, race, ethnicity, age, and gender. The speaker of the house and the majority leader of the senate shall each appoint two legislators to be nonvoting members of the commission.

Sec. 33. Minnesota Statutes 2000, section 256.9753, subdivision 3, is amended to read:

Subd. 3. **EXPENDITURES.** The board shall consult with the ~~office of citizenship and volunteer services~~ commissioner of human services, prior to expending money available for the retired senior volunteer programs. Expenditures shall be made (1) to strengthen and expand existing retired senior volunteer programs, and (2) to encourage the development of new programs in areas in the state where these programs do not exist. Grants shall be made consistent with applicable federal guidelines.

Sec. 34. Minnesota Statutes 2000, section 490.123, is amended by adding a subdivision to read:

Subd. 1e. **PARTICIPATION IN THE POSTRETIREMENT INVESTMENT FUND.** Notwithstanding any laws to the contrary, all judges and survivors receiving a benefit under this chapter shall receive that benefit from the postretirement investment fund. Required reserves for those judges not receiving benefits from the postretirement investment fund as of July 1, 2002, shall be transferred to the postretirement investment fund to pay future benefits by July 31, 2002.

Sec. 35. Laws 1998, chapter 404, section 23, subdivision 6, is amended to read:

Subd. 6. St. Paul RiverCentre Arena

65,000,000

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

This appropriation is from the general fund to the commissioner of finance for a loan to the city of St. Paul to demolish the existing St. Paul RiverCentre Arena and to design, construct, furnish, and equip a new arena. This appropriation is not available until the lessee to whom the city has leased the arena has agreed to make rental or other payments to the city under the terms set forth in this subdivision. The loan is repayable solely from and secured by the payments made to the city by the lessee. The loan is not a public debt and the full faith, credit, and taxing powers of the city are not pledged for its repayment.

(a) \$48,000,000 of the loan must be repaid to the commissioner, without interest, within 20 years from the date of substantial completion of the arena in accordance with the following schedule:

(1) no repayments are due in the first two years from the date of substantial completion;

(2) in each of the years three to five, the lessee must pay \$1,250,000;

(3) in each of the years six to ten, the lessee must pay \$1,500,000;

(4) in each of the years 11 to 13, the lessee must pay \$2,000,000;

(5) in year 14, the lessee must pay \$3,000,000;

(6) in year 15, the lessee must pay \$4,000,000; and

(7) in each of the years 16 to 20, the lessee must pay \$4,750,000.

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

(b) The commissioner must deposit the repayments in the state treasury and credit them to the youth activities account, ~~which is hereby created in the special revenue fund. Money in the youth activities account is available for expenditure as appropriated by law~~ general fund.

(c) The loan may not be made until the commissioner has entered into an agreement with the city of St. Paul identifying the rental or other payments that will be made and establishing the dates on and the amounts in which the payments will be made to the city and by the city to the commissioner. The payments may include operating revenues and additional payments to be made by the lessee under agreements to be negotiated between the commissioner, the city, and the lessee. Those agreements may include, but are not limited to, an agreement whereby the lessee pledges to provide each year a letter of credit sufficient to guarantee the payment of the amount due for the next succeeding year; an agreement whereby the lessee agrees to maintain a net worth, certified each year by a financial institution or accounting firm satisfactory to the commissioner, that is greater than the balance due under the payment schedule in paragraph (a); and any other agreements the commissioner may deem necessary to ensure that the payments are made as scheduled.

(d) The agreements must provide that the failure of the lessee to make a payment due to the city under the agreement is an event of default under the lease between the city and the lessee and that the state is entitled to enforce the remedies of the lessor under the lease in the event of default. Those remedies must include, but need not be limited to, the obligation of the lessee to pay the balance due for the remainder of the payment schedule in the event the

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

lessee ceases to operate a National Hockey League team in the arena.

(e) By January 1, 1999, the commissioner shall report to the chair of the senate committee on state government finance and the chair of the house committee on ways and means the terms of an agreement between the lessee and the amateur sports commission whereby the lessee agrees to make the facilities of the arena available to the commission on terms satisfactory to the commission for amateur sports activities consistent with the purposes of Minnesota Statutes, chapter 240A, each year during the time the loan is outstanding. The amateur sports commission must negotiate in good faith and may be required to pay no more than actual out-of-pocket expenses for the time it uses the arena. The agreement may not become effective before February 1, 1999. During any calendar year after 1999 that an agreement under this paragraph is not in effect and a payment is due under the schedule, the lessee must pay to the commissioner a penalty of \$750,000 for that year. If the amateur sports commission has not negotiated in good faith, no penalty is due.

#### Sec. 36. **REDUCTION IN CONTRACT EXPENDITURES.**

During the biennium ending June 30, 2003, the governor must reduce planned executive branch state agency general fund expenditures on contracts for professional or technical services by at least \$35,000,000. The governor must allocate this reduction among executive branch state agencies. For purposes of this section, "professional or technical services" has the meaning given in Minnesota Statutes, section 16C.08, subdivision 1; and "executive branch state agency" has the meaning given in Minnesota Statutes, section 16A.011, subdivision 12a, and includes the Minnesota state colleges and universities. The base for these reductions is the amount allocated for professional or technical service contracts in agency spending plans as of January 1, 2002.

#### Sec. 37. **MORATORIUM ON CONSULTANT CONTRACTS.**

(a) An entity in the executive branch of state government, including the Minnesota state colleges and universities, may not enter into a new contract or renew an existing contract for professional or technical services after the effective date of this section and

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

before July 1, 2003. This section does not apply to a contract:

(1) that relates to a threat to public health, welfare, or safety that threatens the functioning of government, the protection of property, or the health or safety of people;  
or

(2) that is paid for entirely with federal funds received before the effective date of this section.

(b) An entity in the executive branch may apply for a waiver of the moratorium by sending a letter with reasons for the request to the commissioner of administration for executive branch entities. Upon a finding that a consultant contract is necessary, the commissioner may grant a waiver. The decision of the commissioner is final and not subject to appeal. A monthly report of all waivers granted must be filed by the entity granting the waiver. The report must be published on the entity's Web site, and copies must be provided to the chairs of the house ways and means and senate finance committees and to the legislative reference library.

#### **Sec. 38. HIRING FREEZE.**

Subdivision 1. APPLICATION OF FREEZE. A state employer may not hire any permanent or temporary employees before July 1, 2003. For purposes of this section, "state employer" means state elected officials, departments, boards, agencies, commissions, offices, and other hiring entities in the executive and legislative branches of state government, as those branches are defined in Minnesota Statutes, section 43A.02.

"State employer" does not include the Minnesota state colleges and universities.

Subd. 2. EXCEPTIONS. Subdivision 1 does not apply to:

(1) a student in a work-study position; or

(2) a position that is necessary to perform essential government services.

A determination under clause (2) must be made by the speaker of the house of representatives with respect to house employees, the chair of the committee on rules and administration with respect to senate employees, and the legislative coordinating commission with respect to its employees, by a constitutional officer with respect to employees of the constitutional office, and by the governor with respect to any other employee covered by this section. Exceptions granted under clause (2) must be reported monthly by the entity granting the exception. The reports must be published on the entity's Web site, and copies must be provided to the chairs of the house ways and means and senate finance committees and to the legislative reference library.

Subd. 3. ANTICIPATED SAVINGS. The legislature anticipates that application of this section to executive branch agencies and to the Minnesota state colleges and universities will result in savings to the general fund of \$40,000,000 by June 30, 2003. If the governor determines that application of this section will not result in \$40,000,000 in savings to the general fund by June 30, 2003, the governor must make proportional reductions in executive agency operating budgets necessary to achieve these savings.

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

**Sec. 39. SAVINGS ARE ADDITIONAL.**

Savings achieved in sections 36 to 38 from the freeze in state hiring or the reduction in the number of state contracts for professional or technical services are in addition to reductions in spending required by other sections of this article.

**Sec. 40. REPEALER.**

Minnesota Statutes 2001 Supplement, section 4.50, is repealed. Minnesota Statutes 2000, sections 13.202, subdivision 8; 465.795; 465.796; 465.797; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.83; 465.87; and 465.88, are repealed effective July 1, 2002. Minnesota Statutes 2000, section 490.123, subdivision 1d, is repealed effective June 30, 2002.

**Sec. 41. EFFECTIVE DATE.**

Except as otherwise provided in section 40, this article is effective the day following final enactment.

**ARTICLE 11****COURTS****Section 1. APPROPRIATIONS/REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapters 8, 9, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

	2002	2003
APPROPRIATION REDUCTIONS	-0-	( 1,592,000)
	APPROPRIATIONS	
	2002	2003
Sec. 2. SUPREME COURT	-0-	( 454,000)

\$175,000 the second year is to reduce funding to civil legal services. The funding and base for civil legal services may not be reduced more than these amounts.

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

The base for fiscal year 2004 shall be reduced by \$394,000 and for fiscal year 2005 by \$394,000.

No portion of this reduction may come from a reduction in spending of the funds appropriated to the courts for the Minnesota criminal information system.

Sec. 3. COURT OF APPEALS -0- ( 86,000)

The base for fiscal year 2004 shall be reduced by \$74,000 and for fiscal year 2005 by \$74,000.

Sec. 4. DISTRICT COURTS -0- ( 845,000)

The base for fiscal year 2004 shall be reduced by \$641,000 and for fiscal year 2005 by \$641,000. These appropriation reductions may also be applied to the appropriations to the trial courts as amended in Laws 2001, First Special Session chapter 8, article 5, section 23.

Sec. 5. HUMAN RIGHTS -0- (207,000)

Sec. 6. Minnesota Statutes 2000, section 357.021, subdivision 2, is amended to read:

Subd. 2. **FEE AMOUNTS.** The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, including any case arising under the tax laws of the state that could be transferred or appealed to the tax court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of ~~\$122~~ \$135.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of ~~\$122~~ \$135.

The party requesting a trial by jury shall pay \$75.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$10, and \$5 for an uncertified copy.

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

- (3) Issuing a subpoena, \$3 for each name.
- (4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.
- (5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.
- (6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.
- (7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.
- (8) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.
- (9) For the filing of each partial, final, or annual account in all trusteeships, \$10.
- (10) For the deposit of a will, \$5.
- (11) For recording notary commission, \$25, of which, notwithstanding subdivision 1a, paragraph (b), \$20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.
- (12) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.
- (13) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.
- (14) In addition to any other filing fees under this chapter, a surcharge in the amount of \$75 must be assessed in accordance with section 259.52, subdivision 14, for each adoption petition filed in district court to fund the fathers' adoption registry under section 259.52.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 7. Minnesota Statutes 2000, section 357.022, is amended to read:

**357.022 CONCILIATION COURT FEE.**

The court administrator in every county shall charge and collect a filing fee of \$15 ~~\$25~~ where the amount demanded is less than \$2,000 and \$35 ~~\$25~~ where the amount demanded is \$2,000 or more from every plaintiff and from every defendant when the first paper for that party is filed in any conciliation court action. This section does not apply to conciliation court actions filed by the state. The court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

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

**ARTICLE 12**

**ECONOMIC DEVELOPMENT**

**Section 1. APPROPRIATIONS AND REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2001, First Special Session chapter 4, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

**SUMMARY BY FUND**

	2002	2003	TOTAL
<b>APPROPRIATIONS</b>			
General	(1,899,000)	(3,594,000)	(5,493,000)
Special Revenue	100,000	100,000	200,000
<b>CANCELLATIONS</b>	(10,426,000)	-0-	(10,426,000)
<b>TRANSFERS IN</b>	9,320,000	(650,000)	8,670,000
		<b>APPROPRIATIONS</b>	
		Available for the Year	
		Ending June 30	
		2002	2003

**Sec. 2. TRADE AND ECONOMIC DEVELOPMENT**

Subdivision 1. Total Appropriation	(559,000)	(761,000)
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It is the legislature's intent that base reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead expenses, and with as little impact as possible on programs and services.

Of these amounts:

(a) \$80,000 the first year and \$190,000 the second year are for reductions in administrative costs.

(b) \$146,000 the first year is a reduction for strike salary savings.

(c) Other reductions are as stated in this section.

Subd. 2. Business and Community Development	(55,000)	(60,000)
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Of these amounts:

(a) The base funding for the Minnesota investment fund is reduced by \$500,000 each year in the 2004-2005 biennium.

(b) \$150,000 each year is added to the base funding for the rural policy and development center, beginning in fiscal year 2004.

Subd. 3. Minnesota Trade Office	(43,000)	(270,000)
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The Minnesota trade office's base funding is reduced by \$50,000 each year of the 2004-2005 biennium from its base funding for fiscal year 2003.

Subd. 4. Workforce Development	-0-	215,000
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\$250,000 the second year is an appropriation for the ISEEK program. This is a onetime appropriation and is not added to the agency's budget base.

Subd. 5. Office of Tourism	(120,000)	(340,000)
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(a) No part of this reduction may be accomplished by decreasing the grant to the Mississippi River Parkway Commission in Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 5. The office of tourism's base funding shall be reduced by \$350,000 each year in the 2004-2005 biennium from its base funding for fiscal year 2003.

(b) \$20,000 the second year is to reduce funding for the snowbate program in the Minnesota Film Board. Base funding for the snowbate program shall be \$450,000 per year in the 2004-2005 biennium.

Subd. 6. Information and Analysis	(100,000)	(100,000)
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The base funding shall be reduced by an additional \$79,000 each year for the 2004-2005 biennium.

Subd. 7. Administrative Support	(15,000)	(16,000)
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Subd. 8. Dislocated Worker Program

The commissioner of finance shall transfer \$13,200,000 from the general fund to the workforce development fund for the dislocated worker program. This transfer shall occur within 14 days following final enactment of this act. This subdivision is effective the day following final enactment.

Subd. 9. Biomedical Innovation and Commercialization Initiative

The Laws 2001, First Special Session chapter 5, article 19, section 2, appropriation of \$10,000,000 for the biomedical innovation and commercialization initiative is canceled to the general fund. This cancellation is effective the day following final enactment.

Sec. 3. MINNESOTA TECHNOLOGY, INC.	-0-	(750,000)
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Sec. 4. ECONOMIC SECURITY

Subdivision 1. Total Appropriation	(80,000)	(559,000)
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It is the legislature's intent that base reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead ex-

penses, and with as little impact as possible on programs and services.

To the extent that any reductions reflected in the department would violate federal requirements regarding maintenance of effort, the commissioner is authorized to exempt from reduction the affected programs to the extent required to comply with federal regulations. The commissioner shall realize the reductions that would otherwise apply from programs and administrative costs funded with general fund dollars that do not have maintenance of effort requirements. The legislature's intent is that any additional program reductions resulting from this provision be done in a proportional manner among the affected programs.

If there is a vacancy in the position of commissioner or deputy commissioner in the department between the date of enactment of this act and July 1, 2003, the position may be filled only by an acting commissioner or acting deputy commissioner and may not be filled on a permanent basis.

The department's base appropriation shall be reduced by \$200,000 in fiscal year 2004 and then by an additional \$400,000 in fiscal year 2005 as a result of reorganization of state agencies.

Subd. 2. Workforce Services

-0-

(228,000)

The base reduction is \$428,000 for each year of the 2004-2005 biennium.

The base funding for the Minnesota youth program is reduced by \$500,000 each year in the 2004-2005 biennium.

Base funding for the displaced homemakers program may not be reduced.

Subd. 3. Workforce Rehabilitation Services	-0-	(204,000)
Subd. 4. Workforce Services for the Blind	-0-	(127,000)
Subd. 5. Strike Salary Savings	(80,000)	-0-
Sec. 5. HOUSING FINANCE AGENCY	-0-	(216,000)

It is the legislature's intent that base reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead expenses, and with as little impact as possible on programs and services.

The department's base funding shall be reduced by an additional \$457,000 each year for the 2004-2005 biennium.

Sec. 6. DEPARTMENT OF COMMERCE	(506,000)	(376,000)
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Of these amounts:

(1) \$44,000 in the first year and \$104,000 in the second year are for staff reduction in the department of commerce/administration program; and

(2) \$59,000 in the first year and \$147,000 in the second year are for staff reduction in the weights and measures program.

(3) \$50,000 the first year and \$125,000 the second year are for administrative cost reductions. The department's base funding shall be reduced an additional \$25,000 each year for the 2004-2005 biennium.

(4) \$353,000 the first year is a reduction for strike salary savings.

Sec. 7. LABOR AND INDUSTRY	(324,000)	(402,000)
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Summary by Fund

General	(324,000)	(502,000)
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Special Revenue	-0-	100,000
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\$70,000 the first year and \$141,000 the second year are for staff reductions. \$100,000 the second year is a transfer from the workforce development fund for state-wide and agency indirect costs associated with the apprenticeship program.

Sec. 8. BUREAU OF MEDIATION SERVICES	(30,000)	(30,000)
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These amounts reduce labor-management cooperation grants. Base funding for labor-management cooperation grants is \$252,000 each year for the 2004-2005 biennium.

Sec. 9. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation	(400,000)	(400,000)
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It is the intention of the legislature that all reductions in the society's budget be implemented with the smallest possible reduction in services and without the closing of sites.

Subd. 2. Education and Outreach	(224,000)	(224,000)
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Base funding is reduced by \$146,000 each year for the 2004-2005 biennium.

Subd. 3. Preservation and Access	(176,000)	(176,000)
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Base funding is reduced by \$104,000 each year for the 2004-2005 biennium.

Sec. 10. CANCELLATIONS AND TRANSFERS.

Subdivision 1. **JOURNEY TRAVEL INFORMATION SYSTEM.** The Laws 1999, chapter 223, article 1, section 2, subdivision 5, appropriation to the office of tourism to fund the Journey travel information system, estimated to be \$426,000, is canceled to the general fund.

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

Subd. 2. RURAL POLICY DEVELOPMENT CENTER FUND. After July 1, 2003, and before June 30, 2004, the commissioner of finance shall transfer \$1,000,000 from the rural policy development center fund established in Minnesota Statutes, section 116J.422, to the general fund. After July 1, 2004, and before June 30, 2005, the commissioner shall transfer an additional \$1,000,000 from the rural policy development center fund to the general fund.

Subd. 3. REAL ESTATE EDUCATION, RESEARCH, AND RECOVERY FUND. By June 15, 2002, the commissioner of finance shall transfer \$3,200,000 from the real estate education, research, and recovery fund established under Minnesota Statutes, section 82.34, to the general fund.

Subd. 4. WORLD TRADE CONFERENCE CENTER. The balances of all special revenue accounts for the World Trade Conference Center in the trade office, estimated to be \$30,000, are transferred to the general fund.

Sec. 11. Minnesota Statutes 2000, section 82.34, subdivision 3, is amended to read:

Subd. 3. FEE FOR REAL ESTATE FUND. Each real estate broker, real estate salesperson, and real estate closing agent entitled under this chapter to renew a license shall pay in addition to the appropriate renewal fee a further fee of \$50 \$20 per licensing period which shall be credited to the real estate education, research, and recovery fund. Any person who receives an initial license shall pay, in addition to all other fees payable, a fee of \$75 if the license expires more than 12 months after issuance, \$50 if the license expires less than 12 months after issuance \$30.

Sec. 12. Laws 2001, First Special Session chapter 4, article 1, section 4, subdivision 6, is amended to read:

Subd. 6. Economic Security Contingent Account

Beginning in the 2002-2003 biennium, the first \$2,000,000 deposited in each year of the biennium into the economic security contingent account created under Minnesota Statutes, section 268.196, subdivision 3, shall be transferred upon deposit to the workforce development fund. Deposits in excess of the \$2,000,000, estimated to amount to \$650,000, shall be used for purposes of the economic security contingent account. It is the intent of the legislature that in future years, \$2,000,000 each year will be transferred in this manner transferred upon deposit to the general fund.

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

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

Sec. 13. Laws 2001, First Special Session chapter 4, article 3, section 1, is amended to read:

**Section 1. DEPARTMENT OF ECONOMIC SECURITY ABOLISHED.**

The department of economic security is abolished.

**EFFECTIVE DATE.** This section is effective July 1, ~~2002~~ 2003.

Sec. 14. Laws 2001, First Special Session chapter 4, article 3, section 2, subdivision 1, is amended to read:

Subdivision 1. **TO DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.** The responsibilities of the department of economic security performed by its workforce services unit for employment transition services, youth services, welfare-to-work services, and workforce exchange services are transferred to the department of trade and economic development.

**EFFECTIVE DATE.** This subdivision is effective July 1, ~~2002~~ 2003.

Sec. 15. Laws 2001, First Special Session chapter 4, article 3, section 3, is amended to read:

**Sec. 3. ORGANIZATION OF DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.**

The department of trade and economic development shall have a division of economic development consisting of business and community development, the Minnesota trade office, tourism division, information and analysis division, and administrative support. The job skills partnership program shall be housed in the department and shall have a policy, research, and evaluation unit. The job skills partnership board shall provide targeted-worker services to include the dislocated worker program and welfare-to-work services formerly located in the department of economic security. The board shall have a unit providing special programs under a workforce transition services unit.

**EFFECTIVE DATE.** This section is effective July 1, ~~2002~~ 2003.

**Sec. 16. REORGANIZATION POWERS SUSPENDED.**

Notwithstanding Minnesota Statutes, section 16B.37, the commissioner of administration may not issue a reorganization order affecting the department of economic security until July 1, 2003.

**Sec. 17. EFFECTIVE DATE.**

Except as otherwise provided in this article, this article is effective the day following final enactment.

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## ARTICLE 13

### CANCELLATIONS, TRANSFERS, AND ADJUSTMENTS

Section 1. Minnesota Statutes 2000, section 16A.103, subdivision 1a, is amended to read:

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

Subd. 1a. **FORECAST PARAMETERS.** 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. Expenditure estimates must not include an allowance for inflation.

Sec. 2. Minnesota Statutes 2000, section 16A.103, subdivision 1b, is amended to read:

Subd. 1b. **FORECAST VARIABLE.** In determining the rate of inflation, the application of inflation, the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Sec. 3. Minnesota Statutes 2000, section 16A.152, subdivision 1, is amended to read:

Subdivision 1. **CASH FLOW ACCOUNT ESTABLISHED.** (a) A cash flow account is created in the general fund in the state treasury. Beginning July 1, 2003, the commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the cash flow account as provided by law, up to \$350,000,000.

(b) ~~The commissioner of finance shall transfer the amount necessary to bring the total amount of the cash flow account to \$350,000,000 on July 1, 1995. The amounts restricted are transferred to the cash flow account and shall remain in the account until drawn down and used to meet cash flow deficiencies resulting from uneven distribution of revenue collections and required expenditures during a fiscal year.~~

Sec. 4. Minnesota Statutes 2001 Supplement, section 16A.152, subdivision 1a, is amended to read:

Subd. 1a. **BUDGET RESERVE.** A budget reserve account of \$653,000,000 is created in the general fund in the state treasury. The commissioner of finance shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

Sec. 5. Minnesota Statutes 2001 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **ADDITIONAL REVENUES; PRIORITY.** If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines

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

that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve until the total amount in the account equals the amount set in this section \$653,000,000.

The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released.

Sec. 6. Minnesota Statutes 2000, section 144.395, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** (a) The tobacco use prevention and local public health endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate, except that the principal may be used to make expenditures from the fund for the purposes specified in this section when the market value of the fund falls below 105 percent of the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2. For purposes of this section, "principal" means an amount equal to the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2.

(b) If the commissioner of finance determines that probable receipts to the general fund will not be sufficient to meet the need for expenditures from the general fund for a fiscal biennium, the commissioner may use cash reserves of the tobacco use prevention and local public health endowment fund to pay expenses of the general fund. If cash reserves are transferred to the general fund to meet cash flow needs, the cash flow transfers must be returned to the endowment fund as soon as sufficient cash balances are available in the general fund, but in any event before the end of the fiscal biennium. Any interest earned on cash flow transfers from the endowment fund accrues to the endowment fund and not to the general fund.

#### Sec. 7. **BALANCES CANCELED TO GENERAL FUND.**

The unobligated balances in the following general fund accounts created in the sections of Minnesota Statutes indicated are canceled to the general fund in the fiscal years indicated:

(1) the budget reserve account, Minnesota Statutes, section 16A.152, subdivision 1a, estimated to be \$653,000,000, in fiscal year 2002;

(2) the local government aid reform account, Minnesota Statutes, section 16A.1523, estimated to be \$14,000,000, in fiscal year 2003;

(3) the tax relief account, Minnesota Statutes, section 16A.1522, subdivision 4, estimated to be \$158,148,000, in fiscal year 2004; and

(4) \$195,000,000 of the unobligated balance in the cash flow account in Minnesota Statutes, section 16A.152, subdivision 1.

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

**Sec. 8. TIF GRANT FUND.**

Subdivision 1. APPROPRIATION REDUCTION. The appropriations for the TIF grant account in Minnesota Statutes, section 469.1799, subdivision 3, of \$91,000,000 in fiscal year 2002 and \$38,000,000 in fiscal year 2003 are canceled.

Subd. 2. REPEALER. Minnesota Statutes 2001 Supplement, section 469.1799, subdivisions 1 and 3, are repealed.

**Sec. 9. TRANSFERS TO GENERAL FUND.**

Subdivision 1. ASSIGNED RISK PLAN. By June 30, 2002, the commissioner of finance shall transfer \$120,000,000 in assets of the assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund. \$25,100,000 is appropriated from the general fund to the commissioner of finance to fund the settlement of the lawsuit entitled Danny's Trannys, Inc. et al. v. State, et al., Ramsey County District Court No. C7-00-5714, and to reimburse the tort claims account for amounts paid to implement settlement of this lawsuit.

Subd. 2. SPECIAL COMPENSATION FUND. After June 1, 2003, but no later than June 30, 2003, the commissioner of finance shall transfer \$230,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

Subd. 3. REPEALER. Laws 2000, chapter 447, section 25, is repealed.

**Sec. 10. APPROPRIATIONS REDUCED AND CANCELED.**

Of the appropriations in Laws 2000, chapter 492, article 2, to the metropolitan council for a bus transitway, the appropriation for fiscal year 2001 is reduced to \$4,000,000 and the appropriation for fiscal year 2002 is canceled.

**Sec. 11. REPEALER.**

Minnesota Statutes 2001 Supplement, section 16A.1523, is repealed.

**Sec. 12. EFFECTIVE DATE.**

This article is effective the day following final enactment, except that section 6 is effective July 1, 2003.

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**ARTICLE 14****CONTINUING CARE AND LONG-TERM CARE**

Section 1. Minnesota Statutes 2000, section 252.282, subdivision 1, is amended to read:

Subdivision 1. **HOST COUNTY RESPONSIBILITY.** (a) For purposes of this section, "local system needs planning" means the determination of need for ICF/MR services by program type, location, demographics, and size of licensed services for

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

persons with developmental disabilities or related conditions.

(b) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

(c) In collaboration with the commissioner and ICF/MR providers, counties shall complete a local system needs planning process for each ICF/MR facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

(d) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

(e) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/MR services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing; or

(4) ~~rate adjustments exceeding 90 days duration to address access; or~~

~~(5) modification of existing services for which a change in the framework of service delivery is advocated.~~

Sec. 2. Minnesota Statutes 2000, section 252.282, subdivision 3, is amended to read:

Subd. 3. **RECOMMENDATIONS.** (a) Upon completion of the local system needs planning assessment, the host county shall make recommendations by May 15, 2000, and by July 1 every two years thereafter beginning in 2001. If no change is recommended, a copy of the assessment along with corresponding documentation shall be provided to the commissioner by July 1 prior to the contract year.

(b) Except as provided in section 252.292, subdivision 4, recommendations regarding closures, relocations, or downsizings that include a rate increase and ~~recommendations regarding rate adjustments exceeding 90 days~~ shall be submitted to the statewide advisory committee for review ~~and determination~~, along with the assessment, plan, and corresponding budget documentation that supports the payment rate adjustment request.

(c) Recommendations for closures, relocations, and downsizings that do not include a rate increase and for modification of existing services for which a change in the framework of service delivery is necessary shall be provided to the commissioner by July 1 prior to the contract year or at least 90 days prior to the anticipated change, along with the assessment and corresponding documentation.

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

Sec. 3. Minnesota Statutes 2000, section 252.282, subdivision 4, is amended to read:

Subd. 4. **STATEWIDE ADVISORY COMMITTEE.** (a) The commissioner shall appoint a five-member statewide advisory committee. The advisory committee shall include representatives of providers and counties and the commissioner or the commissioner's designee.

(b) The criteria for ranking proposals, already developed in 1997 by a task force authorized by the legislature, shall be adopted and incorporated into the decision-making process. Specific guidelines, including:

(1) time frame for submission of requests;

(2) the funds appropriated by the legislature for the purposes outlined in section 256B.5013, subdivisions 2 to 4; and

(3) state policy directions for the provision of services to persons with developmental disabilities, shall be established and announced through the State Register, and all requests shall be considered in comparison to each other and the ranking criteria. The advisory committee shall review and recommend requests for to the commissioner for approval of facility rate adjustments to address closures, downsizing, relocation, or access needs within the county and shall forward recommendations and documentation to the commissioner downsizings, or relocations. The committee shall ensure that:

(1) applications are in compliance with applicable state and federal law and with the state plan; and

(2) cost projections for the proposed service are within fiscal limitations the fundings limits established by the legislative appropriation; and

(3) their recommendations are submitted to the commissioner.

(e) ~~The advisory committee shall review proposals and submit recommendations to the commissioner within 60 days following the published deadline for submission under subdivision 5.~~

Sec. 4. Minnesota Statutes 2000, section 252.282, subdivision 5, is amended to read:

Subd. 5. **RESPONSIBILITIES OF COMMISSIONER.** (a) In collaboration with counties, providers, and the statewide advisory committee, the commissioner shall ensure that services recognize the preferences and needs of persons with developmental disabilities and related conditions through a recurring systemic review and assessment of ICF/MR facilities within the state.

(b) The commissioner shall publish a notice in the State Register ~~twice each calendar year~~ no less than biannually to announce the opportunity for counties or providers to submit requests for payment rate adjustments associated with plans for downsizing, relocation, and closure of ICF/MR facilities.

(c) The commissioner shall designate funding parameters to counties and to the statewide advisory committee for the overall implementation of system needs within the fiscal resources allocated by the legislature.

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

(d) The commissioner shall contract with ICF/MR providers. The initial contracts shall cover the period from October 1, 2000, to December 31, 2001. Subsequent contracts shall be for two-year periods beginning January 1, 2002.

Sec. 5. Minnesota Statutes 2000, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. **NURSING HOME LICENSE SURCHARGE.** (a) Effective July 1, 1993, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as \$620 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625.

(c) Effective August 15, 2003, the surcharge under paragraph (b) shall be increased by an amount necessary to ensure a net gain to the general fund of \$9,620,000 during fiscal year 2004 as a result of:

(1) the total transfers anticipated during the fiscal year ending June 30, 2004, under section 256B.19, subdivision 1d, paragraph (c);

(2) the county nursing home payment adjustments under section 256B.431, subdivision 23, paragraph (c);

(3) the surcharges under this paragraph; and

(4) the nursing facility rate increases under section 256B.431, subdivision 37.

The increase under this paragraph shall not exceed \$365 per bed.

(d) Effective August 15, 2004, the surcharge under paragraph (c) shall be equal to an amount necessary to ensure a net gain to the general fund each fiscal year of \$10,228,000 as a result of:

(1) the total transfers anticipated during the fiscal year under section 256B.19, subdivision 1d, paragraph (c);

New language is indicated by underline, deletions by strikeout.

(2) the county nursing home payment adjustments under section 256B.431, subdivision 23, paragraph (c);

(3) the surcharges under this paragraph; and

(4) the nursing facility rate increases under section 256B.431, subdivision 37.  
The surcharge under this paragraph shall not exceed \$365 per bed.

Sec. 6. Minnesota Statutes 2000, section 256B.0916, subdivision 5, is amended to read:

**Subd. 5. ALLOCATION OF NEW DIVERSIONS AND PRIORITIES FOR REASSIGNMENT OF RESOURCES AND APPROVAL OF INCREASED CAPACITY FOR THE HOME AND COMMUNITY-BASED WAIVER FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.** In order to maximize the number of persons served with waiver funds, (a) The commissioner shall monitor county utilization of allocated resources and, as appropriate, reassign resources not utilized and approve increased capacity within available county allocations.

(b) Effective July 1, 2002, the commissioner shall authorize the spending of new diversion resources beginning January 1 of each year.

(c) Effective July 1, 2002, the commissioner shall manage the reassignment of waiver resources that occur from persons who have left the waiver in a manner that results in the cost reduction equivalent to delaying the reuse of those waiver resources by 180 days.

(d) Priority consideration for reassignment of resources and approval of increased capacity shall be given to counties with sufficient capacity and counties that form partnerships. In addition to the priorities listed in Minnesota Rules, part 9525.1880, the commissioner shall also give priority consideration to persons whose living situations are unstable due to the age or incapacity of the primary caregiver and to children to avoid out-of-home placement.

Sec. 7. Minnesota Statutes 2000, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. **DIVISION OF COST.** The state and county share of medical assistance costs not paid by federal funds shall be as follows:

(1) ninety percent state funds and ten percent county funds, unless otherwise provided below;

(2) beginning January 1, 1992, 50 percent state funds and 50 percent county funds for the cost of placement of severely emotionally disturbed children in regional treatment centers; and

(3) beginning January 1, 2003, 80 percent state funds and 20 percent county funds for the costs of nursing facility placements of persons with disabilities under the age of 65 that have exceeded 90 days.

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

For counties that participate in a Medicaid demonstration project under sections 256B.69 and 256B.71, the division of the nonfederal share of medical assistance expenses for payments made to prepaid health plans or for payments made to health maintenance organizations in the form of prepaid capitation payments, this division of medical assistance expenses shall be 95 percent by the state and five percent by the county of financial responsibility.

In counties where prepaid health plans are under contract to the commissioner to provide services to medical assistance recipients, the cost of court ordered treatment ordered without consulting the prepaid health plan that does not include diagnostic evaluation, recommendation, and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 8. Minnesota Statutes 2000, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. **PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.** (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

(d) The commissioner may reduce the intergovernmental transfers under paragraph (c) based on the commissioner's determination of the payment rate in section 256B.431, subdivision 23, paragraphs (c) and (d). Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c) and (d).

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

Sec. 9. Minnesota Statutes 2000, section 256B.431, subdivision 23, is amended to read:

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

**Subd. 23. COUNTY NURSING HOME PAYMENT ADJUSTMENTS.** (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, as of January 1 of the previous year, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility as of September 30, 1991.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

(d) The commissioner may reduce payments under paragraph (c) based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph (d).

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

Sec. 10. Minnesota Statutes 2000, section 256B.431, is amended by adding a subdivision to read:

**Subd. 37. NURSING HOME RATE INCREASES EFFECTIVE JULY 1, 2003.** For rate years beginning on or after July 1, 2003, the commissioner shall provide to each nursing home reimbursed under this section or section 256B.434 an increase in each case mix payment rate equal to the increase in the per-bed surcharge paid under section 256.9657, subdivision 1, paragraph (c) or (d), divided by 365 and further divided by .80. The increase under this subdivision shall be added following the determination of the payment rate for the home under this chapter. The increase shall not be subject to any annual percentage increase.

Sec. 11. Minnesota Statutes 2001 Supplement, section 256B.437, subdivision 2, is amended to read:

**Subd. 2. PLANNING AND DEVELOPMENT OF COMMUNITY-BASED SERVICES.** (a) The commissioner of human services shall establish a process to adjust the capacity and distribution of long-term care services to equalize the supply and demand for different types of services. This process must include community planning, expansion or establishment of needed services, and analysis of voluntary nursing facility closures.

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

(b) The purpose of this process is to support the planning and development of community-based services. This process must support early intervention, advocacy, and consumer protection while providing resources and incentives for expanded county planning and for nursing facilities to transition to meet community needs.

(c) The process shall support and facilitate expansion of community-based services under the county-administered alternative care program under section 256B.0913 and waivers for elderly under section 256B.0915, including, but not limited to, the development of supportive services such as housing and transportation. The process shall utilize community assessments and planning developed for the community health services plan and plan update and for the community social services act plan, and other relevant information.

(d) The commissioners of health and human services, as appropriate, shall provide, by July 15, 2001, available data necessary for the county, including, but not limited to, data on nursing facility bed distribution, housing with services options, the closure of nursing facilities that occur outside of the planned closure process, and approval of planned closures in the county and contiguous counties.

(e) Each county shall submit to the commissioner of human services, by October 15, 2001, a gaps analysis that identifies local service needs, pending development of services, and any other issues that would contribute to or impede further development of community-based services. The gaps analysis must also be sent to the local area agency on aging and, if applicable, local SAIL projects, for review and comment. The review and comment must assess needs across county boundaries. The area agencies on aging and SAIL projects must provide the commissioner and the counties with their review and analyses by November 15, 2001.

(f) The addendum to the biennial plan shall be submitted ~~annually~~ biennially, beginning December 31, 2001, and ~~each December 31~~ every other year thereafter in accordance with the Community Social Services Act plan timeline, and shall include recommendations for development of community-based services. Area agencies on aging and SAIL projects must provide the commissioner and the counties with their review and analyses within 60 days following the Community Social Services Act plan submission date. Both planning and implementation shall be implemented within the amount of funding made available to the county board for these purposes.

(g) The plan, within the funding allocated, shall:

- (1) include the gaps analysis required by paragraph (e);
- (2) involve providers, consumers, cities, townships, businesses, and area agencies on aging in the planning process;
- (3) address the availability of alternative care and elderly waiver services for eligible recipients;
- (4) address the development of other supportive services, such as transit, housing, and workforce and economic development; and
- (5) estimate the cost and timelines for development.

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(h) The biennial plan addendum shall be coordinated with the county mental health plan for inclusion in the community health services plan and included as an addendum to the community social services plan.

(i) The county board having financial responsibility for persons present in another county shall cooperate with that county for planning and development of services.

(j) The county board shall cooperate in planning and development of community-based services with other counties, as necessary, and coordinate planning for long-term care services that involve more than one county, within the funding allocated for these purposes.

(k) The commissioners of health and human services, in cooperation with county boards, shall report biennially to the legislature by ~~February 1~~ of each year, beginning February 1, 2002, regarding the development of community-based services, transition or closure of nursing facilities, and specific gaps in services in identified geographic areas that may require additional resources or flexibility, as documented by the process in this subdivision and reported to the commissioners by ~~December 31~~ of each year.

Sec. 12. Minnesota Statutes 2001 Supplement, section 256B.439, subdivision 1, is amended to read:

Subdivision 1. **DEVELOPMENT AND IMPLEMENTATION OF QUALITY PROFILES.** (a) The commissioner of human services, in cooperation with the commissioner of health, shall develop and implement a quality profile system for nursing facilities and, beginning not later than July 1, ~~2003~~ 2004, other providers of long-term care services, except when the quality profile system would duplicate requirements under section 256B.5011, 256B.5012, or 256B.5013. The system must be developed and implemented to the extent possible without the collection of significant amounts of new data. To the extent possible, the system must incorporate or be coordinated with information on quality maintained by area agencies on aging, long-term care trade associations, and other entities. The system must be designed to provide information on quality to:

(1) consumers and their families to facilitate informed choices of service providers;

(2) providers to enable them to measure the results of their quality improvement efforts and compare quality achievements with other service providers; and

(3) public and private purchasers of long-term care services to enable them to purchase high-quality care.

(b) The system must be developed in consultation with the long-term care task force, area agencies on aging, and representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioners may employ consultants to assist with this project.

Sec. 13. Minnesota Statutes 2001 Supplement, section 256B.439, subdivision 4, is amended to read:

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Subd. 4. **DISSEMINATION OF QUALITY PROFILES.** By July 1, ~~2002~~ 2003, the commissioners shall implement a system to disseminate the quality profiles developed from consumer surveys using the quality measurement tool. Profiles may be disseminated to the Senior LinkAge line and to consumers, providers, and purchasers of long-term care services through all feasible printed and electronic outlets. The commissioners may conduct a public awareness campaign to inform potential users regarding profile contents and potential uses.

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

Sec. 14. Minnesota Statutes 2001 Supplement, section 256B.5013, subdivision 1, is amended to read:

Subdivision 1. **VARIABLE RATE ADJUSTMENTS.** (a) For rate years beginning on or after October 1, 2000, when there is a documented increase in the resource needs of a current ICF/MR recipient or recipients, or a person is admitted to a facility who requires additional resources, the county of financial responsibility may recommend approval of a variable rate to enable the facility to meet the individual's increased needs. Variable rate adjustments made under this subdivision replace payments for persons with special needs under section 256B.501, subdivision 8, and payments for persons with special needs for crisis intervention services under section 256B.501, subdivision 8a. Resource needs directly attributable to an individual that may be considered under the variable rate adjustment include increased direct staff hours, other specialized services, and equipment. The guidelines in paragraphs (a) to (d) apply for the payment rate adjustments under this section. Facilities with a base rate above the 50th percentile of the statewide average reimbursement rate for a Class A facility or Class B facility, whichever matches the facility licensure, are not eligible for a variable rate adjustment. Variable rate adjustments may not exceed a 12-month period, except when approved for purposes established in paragraph (b), clause (1). Variable rate adjustments approved solely on the basis of changes on a developmental disabilities screening document will end June 30, 2002.

(a) All persons must be screened according to section 256B.092, subdivisions 7 and 8, prior to implementation of the new payment system, and annually thereafter, and when a variable rate is being requested due to changes in the needs of the recipient. Screening data shall be used to monitor changes as follows:

(1) the functional ability of a recipient to care for and maintain the recipient's own basic needs;

(2) the intensity of any aggressive or destructive behavior; and

(3) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

(b) A variable rate may be recommended by the county of financial responsibility for increased service needs such as in the following situations:

(1) a need for resources due to a change in resident day program participation because the resident an individual's full or partial retirement from participation in a day

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training and habilitation service when the individual: (i) has reached the age of 65 or has a change in health condition that makes it difficult for the person to participate in day training and habilitation services over an extended period of time because it is medically contraindicated; and (ii) has expressed a desire for change through the mental retardation and related conditions screening process under section 256B.092; and

(2) a need for additional resources for intensive short-term programming which is necessary prior to a recipient's an individual's discharge to a less restrictive, more integrated setting;

Recommendations for a variable rate shall be used to link resource needs to funding. The variable rate must be applied to expenses related to increased direct staff hours, other specialized services, and equipment.

(e) A recipient must be screened by the county of financial responsibility using the developmental disabilities screening document completed immediately prior to approval of a variable rate by the county. A comparison of the updated screening and the previous screening must demonstrate an increase in resource needs.

(4) Rate adjustments projected to exceed the authorized funding level associated with the person's profile must be submitted to the commissioner.

(3) a demonstrated medical need that significantly impacts the type or amount of services needed by the individual; or

(4) a demonstrated behavioral need that significantly impacts the type or amount of services needed by the individual.

(e) (c) The county of financial responsibility must indicate justify the purpose, the projected length of time that, and the additional funding may be needed for the facility to meet the needs of the individual. The need to continue an individual variable rate must be reviewed at the end of the anticipated duration of need but at least annually through the completion of the developmental disabilities screening document.

(d) The facility shall provide a quarterly report to the county case manager on the use of the variable rate funds and the status of the individual on whose behalf the funds were approved. The county case manager will forward the facility's report with a recommendation to the commissioner to approve or disapprove a continuation of the variable rate.

(e) Funds made available through the variable rate process that are not used by the facility to meet the needs of the individual for whom they were approved shall be returned to the state.

Sec. 15. Minnesota Statutes 2000, section 256B.5013, subdivision 2, is amended to read:

Subd. 2. **OTHER PAYMENT RATE ADJUSTMENTS.** Facility total payment rates may be adjusted by the commissioner following the recommendation of both the host county; with authorization from a and the statewide advisory committee; if,

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through the local system needs planning process, it is determined that a need exists to amend the package of purchased services with a resulting increase or decrease in costs. Except as provided in section 252.292, subdivision 4, if a provider demonstrates that the loss of revenues caused by the downsizing or closure of a facility cannot be absorbed by the facility based on current operations, the host county or the provider may submit a request to the statewide advisory committee for a facility base rate adjustment. Funds for this purpose are limited to those made available through a legislative appropriation and published in the State Register notice required by section 252.282, subdivision 5.

Sec. 16. Minnesota Statutes 2000, section 256B.5013, subdivision 4, is amended to read:

Subd. 4. **TEMPORARY RATE ADJUSTMENTS TO ADDRESS OCCUPANCY AND ACCESS.** If a facility is operating at less than 100 percent occupancy on September 30, 2000, or if a recipient is discharged from a facility, Beginning July 1, 2002, the commissioner shall adjust the total payment rate for up to 90 75 days for the remaining recipients for facilities in which the monthly occupancy rate of licensed beds is 75 percent or greater. This mechanism shall not be used to pay for hospital or therapeutic leave days beyond the maximums allowed. Facility payment adjustments exceeding 90 days to address a demonstrated need for access must be submitted to the statewide advisory committee with a local system needs assessment, plan, and budget for review and recommendation.

Sec. 17. Minnesota Statutes 2000, section 256B.5013, subdivision 5, is amended to read:

Subd. 5. **REQUIRED OCCUPANCY DATA; PAYMENT ADJUSTMENTS.** Facilities shall maintain and submit monthly occupancy bed use data in the form of resident days and variable rate information. When a variable rate is reported by a facility, monthly bed use data shall be used to track the amount and time span of the rate adjustment. The total payments made to a facility may be adjusted based on concurrent changes in the needs of recipients that are covered by a variable rate adjustment. Any adjustment for multiple resident changes shall not result in a decrease to the facility base rate by client and report this data monthly in a format determined by the commissioner.

Sec. 18. Minnesota Statutes 2000, section 256B.5013, subdivision 6, is amended to read:

Subd. 6. **COMMISSIONER REVIEW COMMISSIONER'S RESPONSIBILITIES.** During the initial contracting period, The commissioner shall review the process of variable rate adjustments to determine if the variable rate process is being effectively implemented and whether the variable rate process minimizes unnecessary detailed recordkeeping and meets recipient needs.:

(1) make a determination to approve, deny, or modify a request for a variable rate adjustment within 30 days of the receipt of the completed application;

(2) notify the ICF/MR facility and county case manager of the duration and conditions of variable rate adjustment approvals;

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(3) modify MMIS II service agreements to reimburse ICF/MR facilities for approved variable rates;

(4) provide notification of legislatively appropriated funding for facility closures, downsizings, and relocations;

(5) assess the fiscal impacts of the proposals for closures, downsizings, and relocations forwarded for consideration through the state advisory committee; and

(6) review the payment rate process on a biannual basis and make recommendations to the legislature for necessary adjustments to the review and approval process.

Sec. 19. Laws 2001, First Special Session chapter 9, article 5, section 35, is amended to read:

**Sec. 35. DEVELOPMENT OF NEW NURSING FACILITY REIMBURSEMENT SYSTEM.**

(a) The commissioner of human services shall develop and report to the legislature by January 15, ~~2003~~ 2004, a system to replace the current nursing facility reimbursement system established under Minnesota Statutes, sections 256B.431, 256B.434, and 256B.435.

(b) The system must be developed in consultation with the long-term care task force and with representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioner may employ consultants to assist with this project.

(c) The new reimbursement system must:

(1) provide incentives to enhance quality of life and quality of care;

(2) recognize cost differences in the care of different types of populations, including subacute care and dementia care;

(3) establish rates that are sufficient without being excessive;

(4) be affordable for the state and for private-pay residents;

(5) be sensitive to changing conditions in the long-term care environment;

(6) avoid creating access problems related to insufficient funding;

(7) allow providers maximum flexibility in their business operations;

(8) recognize the need for capital investment to improve physical plants; and

(9) provide incentives for the development and use of private rooms.

(d) Notwithstanding Minnesota Statutes, section 256B.435, the commissioner must not implement a performance-based contracting system for nursing facilities prior to July 1, ~~2003~~ 2004. The commissioner shall continue to reimburse nursing facilities under Minnesota Statutes, section 256B.431 or 256B.434, until otherwise directed by law.

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(e) The commissioner of human services, in consultation with the commissioner of health, shall conduct or contract for a time study to determine staff time being spent on various case mix categories; recommend adjustments to the case mix weights based on the time study data; and determine whether current staffing standards are adequate for providing quality care based on professional best practice and consumer experience. If the commissioner determines the current standards are inadequate, the commissioner shall determine an appropriate staffing standard for the various case mix categories and the financial implications of phasing into this standard over the next four years.

Sec. 20. **REPEALER.**

Minnesota Statutes 2000, section 256B.0916, subdivision 1, is repealed.

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**ARTICLE 15**

**HEALTH CARE**

Section 1. Minnesota Statutes 2000, section 62J.692, subdivision 4, is amended to read:

Subd. 4. **DISTRIBUTION OF FUNDS.** (a) The commissioner shall annually distribute medical education funds to all qualifying applicants based on the following criteria:

- (1) total medical education funds available for distribution;
- (2) total number of eligible trainee FTEs in each clinical medical education program; and
- (3) the statewide average cost per trainee as determined by the application information provided in the first year of the biennium, by type of trainee, in each clinical medical education program.

(b) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(c) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the department of education or the health care financing administration, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

- (1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

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(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(d) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(e) The commissioner shall distribute no later than June 30 of each year an amount equal to the funds transferred under section 62J.694, subdivision 2a, paragraph (b), plus interest at a rate equal to the average earnings paid under section 62J.694, subdivision 2a, to the University of Minnesota board of regents for the costs of the academic health center as specified under section 62J.694, subdivision 2a, paragraph (a).

Sec. 2. Minnesota Statutes 2001 Supplement, section 62J.692, subdivision 7, is amended to read:

**Subd. 7. TRANSFERS FROM THE COMMISSIONER OF HUMAN SERVICES.** (a) The amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (1), shall be distributed by the commissioner to clinical medical education programs that meet the qualifications of subdivision 3 based on a distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainee FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical medical education program; and

(2) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool created under this subdivision.

In this formula, the education factor shall be weighted at 50 percent and the public program volume factor shall be weighted at 50 percent.

Public program revenue for the distribution formula shall include revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue shall be ineligible for funds available under this paragraph.

(b) Fifty percent of the amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (2), shall be distributed by the commissioner to the University of Minnesota board of regents for the purposes described in sections 137.38 to 137.40. Of the remaining amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (2), 24 percent of the amount shall be distributed by the commissioner to the Hennepin County Medical Center for clinical medical education. The remaining 26 percent of the amount transferred shall be distributed by

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the commissioner in accordance with subdivision 7a. If the federal approval is not obtained for the matching funds under section 256B.69, subdivision 5c, paragraph (a), clause (2), 100 percent of the amount transferred under this paragraph shall be distributed by the commissioner to the University of Minnesota board of regents for the purposes described in sections 137.38 to 137.40.

(c) The amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (3), shall be distributed by the commissioner upon receipt to the University of Minnesota board of regents for the purposes of clinical graduate medical education.

Sec. 3. Minnesota Statutes 2001 Supplement, section 62J.694, subdivision 2a, is amended to read:

Subd. 2a. **EXPENDITURE; ACADEMIC HEALTH CENTER ACCOUNT.**

(a) Beginning in January 2002, up to five percent of the fair market value of the academic health center account is annually appropriated to the board of regents for the costs of the academic health center. Appropriations are to be transferred quarterly and may only be used for instructional costs of health professional programs at the academic health center and for interdisciplinary academic initiatives within the academic health center, except as specified in paragraph (b).

(b) Of the amount appropriated under paragraph (a), \$4,850,000 shall be transferred annually to the commissioner of health no later than April 15 of each year for distribution under section 62J.692, subdivision 4.

Sec. 4. Minnesota Statutes 2001 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. **SPECIFIC POWERS.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

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(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of

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public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency or a Minnesota tribal social services agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

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(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct

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payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or

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services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the prescription drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(23) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program and under the prescription drug program established in section 256.955. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13, paragraph (b).

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~~(24)~~ Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

~~(24)~~ ~~(25)~~ Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

~~(25)~~ ~~(26)~~ Incorporate cost reimbursement claims from First Call Minnesota and Greater Twin Cities United Way into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota and Greater Twin Cities United Way according to normal department payment schedules.

~~(26)~~ ~~(27)~~ Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

Sec. 5. Minnesota Statutes 2001 Supplement, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **PAYMENTS.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685,

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256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

Sec. 6. Minnesota Statutes 2001 Supplement, section 256B.056, subdivision 3, is amended to read:

**Subd. 3. ASSET LIMITATIONS FOR ELDERLY AND DISABLED INDIVIDUALS.** To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than \$6,000 in assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental

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security income program for aged, blind, and disabled persons, with the following exceptions:

(a) Household goods and personal effects are not considered.

(b) Capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered.

(c) Motor vehicles are excluded to the same extent excluded by the supplemental security income program.

(d) Assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses.

(e) Effective upon federal approval, for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph (b).

Sec. 7. Minnesota Statutes 2000, section 256B.059, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) For purposes of this section and section 256B.0595, the terms defined in this subdivision have the meanings given them.

(b) "Community spouse" means the spouse of an institutionalized spouse.

(c) "Spousal share" means one-half of the total value of all assets, to the extent that either the institutionalized spouse or the community spouse had an ownership interest at the time of institutionalization.

(d) "Assets otherwise available to the community spouse" means assets individually or jointly owned by the community spouse, other than assets excluded by subdivision 5, paragraph (c).

(e) "Community spouse asset allowance" is the value of assets that can be transferred under subdivision 3.

(f) "Institutionalized spouse" means a person who is:

(1) in a hospital, nursing facility, or intermediate care facility for persons with mental retardation, or receiving home and community-based services under section 256B.0915 or 256B.49, and is expected to remain in the facility or institution or receive the home and community-based services for at least 30 consecutive days; and

(2) married to a person who is not in a hospital, nursing facility, or intermediate care facility for persons with mental retardation, and is not receiving home and community-based services under section 256B.0915 or 256B.49.

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(g) "For the sole benefit of" means no other individual or entity can benefit in any way from the assets or income at the time of a transfer or at any time in the future.

Sec. 8. Minnesota Statutes 2000, section 256B.059, subdivision 3, is amended to read:

Subd. 3. **COMMUNITY SPOUSE ASSET ALLOWANCE.** An institutionalized spouse may transfer assets to the community spouse ~~solely~~ for the sole benefit of the community spouse. Except for increased amounts allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is as follows:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse; and

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. On January 1, 1994, and every January 1 thereafter, the limits in this subdivision shall be adjusted by the same percentage change in the consumer price index for all urban consumers (all items; United States city average) between the two previous Septembers. These adjustments shall also be applied to the limits in subdivision 5.

Sec. 9. Minnesota Statutes 2000, section 256B.059, subdivision 5, is amended to read:

Subd. 5. **ASSET AVAILABILITY.** (a) At the time of initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization on or after October 1, 1989, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following amount for the community spouse:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

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(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse;

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

The value of assets transferred for the sole benefit of the community spouse under section 256B.0595, subdivision 4, in combination with other assets available to the community spouse under this section, cannot exceed the limit for the community spouse asset allowance determined under subdivision 3 or 4. Assets that exceed this allowance shall be considered available to the institutionalized spouse whether or not converted to income. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under the supplemental security income program.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 10. Minnesota Statutes 2001 Supplement, section 256B.0595, subdivision 1, is amended to read:

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

Subdivision 1. **PROHIBITED TRANSFERS.** (a) For transfers of assets made on or before August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security program, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) Effective for transfers made after August 10, 1993, a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security income program, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for long-term care services, any transfer of such assets within 36 months before or any time after an institutionalized person applies for medical assistance, or 36 months before or any time after a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivision 3 or 4. Notwithstanding the provisions of this paragraph, in the case of payments from a trust or portions of a trust that are considered transfers of assets under federal law, any transfers made within 60 months before or any time after an institutionalized person applies for medical assistance and within 60 months before or any time after a medical assistance recipient becomes institutionalized, may be considered.

(c) This section applies to transfers, for less than fair market value, of income or assets, including assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments or income to which the person or the person's spouse is entitled but does not receive due to action by the person, the person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse.

(d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

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(e) This section applies to the portion of any asset or interest that a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse, transfers to any annuity that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care. This section applies to an annuity described in this paragraph purchased on or after March 1, 2002, that:

(1) is not purchased from an insurance company or financial institution that is subject to licensing or regulation by the Minnesota department of commerce or a similar regulatory agency of another state;

(2) does not pay out principal and interest in equal monthly installments; or

(3) does not begin payment at the earliest possible date after annuitization.

(f) For purposes of this section, long-term care services include services in a nursing facility, services that are eligible for payment according to section 256B.0625, subdivision 2, because they are provided in a swing bed, intermediate care facility for persons with mental retardation, and home and community-based services provided pursuant to sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility or in a swing bed, or intermediate care facility for persons with mental retardation or who is receiving home and community-based services under sections 256B.0915, 256B.092, and 256B.49.

Sec. 11. Minnesota Statutes 2001 Supplement, section 256B.0595, subdivision 2, is amended to read:

Subd. 2. **PERIOD OF INELIGIBILITY.** (a) For any uncompensated transfer occurring on or before August 10, 1993, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

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(b) For uncompensated transfers made after August 10, 1993, the number of months of ineligibility for long-term care services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to begin in the month the first uncompensated transfer was made. If the transfer was not reported to the local agency at the time of application, and the applicant received medical assistance services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of medical assistance services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received. Effective for transfers made on or after March 1, 1996, involving persons who apply for medical assistance on or after April 13, 1996, no cause of action exists for a transfer unless:

(1) the transferee knew or should have known that the transfer was being made by a person who was a resident of a long-term care facility or was receiving that level of care in the community at the time of the transfer;

(2) the transferee knew or should have known that the transfer was being made to assist the person to qualify for or retain medical assistance eligibility; or

(3) the transferee actively solicited the transfer with intent to assist the person to qualify for or retain eligibility for medical assistance.

(c) If a calculation of a penalty period results in a partial month, payments for long-term care services shall be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, if the total value of all uncompensated transfers made in a month not included in an existing penalty period does not exceed \$500 \$200, then such transfers shall be disregarded for each month prior to the month of application for or during receipt of medical assistance.

Sec. 12. Minnesota Statutes 2000, section 256B.0595, subdivision 4, is amended to read:

Subd. 4. **OTHER EXCEPTIONS TO TRANSFER PROHIBITION.** An institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions applies:

(1) the assets were transferred to the individual's spouse or to another for the sole benefit of the spouse; or

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(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of a penalty resulting from a transfer for less than fair market value based on an imminent threat to the individual's health and well-being. Whenever an applicant or recipient is denied eligibility because of a transfer for less than fair market value, the local agency shall notify the applicant or recipient that the applicant or recipient may request a waiver of the penalty if the denial of eligibility will cause undue hardship. In evaluating a waiver, the local agency shall take into account whether the individual was the victim of financial exploitation, whether the individual has made reasonable efforts to recover the transferred property or resource, and other factors relevant to a determination of hardship. If the local agency does not approve a hardship waiver, the local agency shall issue a written notice to the individual stating the reasons for the denial and the process for appealing the local agency's decision. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within:

(i) 30 months of a transfer made on or before August 10, 1993;

(ii) 60 months of a transfer if the assets were transferred after August 30, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; or

(iii) 36 months of a transfer if transferred in any other manner after August 10, 1993,

or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action shall be brought by the state unless the state delegates this responsibility to the local agency responsible for providing medical assistance under this chapter; or

(6) for transfers occurring after August 10, 1993, the assets were transferred by the person or person's spouse: (i) into a trust established solely for the sole benefit of a son or daughter of any age who is blind or disabled as defined by the Supplemental Security Income program; or (ii) into a trust established solely for the sole benefit of an individual who is under 65 years of age who is disabled as defined by the Supplemental Security Income program.

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"For the sole benefit of" has the meaning found in section 256B.059, subdivision 1.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 13. Minnesota Statutes 2001 Supplement, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. **DRUGS.** (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. ~~The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:~~

~~(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;~~

~~(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and~~

~~(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse.~~

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Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics, except that medically necessary anorectics shall be covered for a recipient previously diagnosed as having pickwickian syndrome and currently diagnosed as having diabetes and being morbidly obese;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations. An honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the nine percent deduction. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. The commissioner shall set maximum allowable costs for multisource drugs that are not on the federal upper limit list as described in United States Code, title 42, chapter 7, section 1396r-8(e), the Social Security Act, and Code

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of Federal Regulations, title 42, part 447, section 447.332. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs for which there are two or more drug products, which:

(1) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";

(2) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and

(3) are sold or marketed in Minnesota.

"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration.

(e) The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria and on cost before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

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

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and on program costs, and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment.

(f) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider; the average wholesale price minus five percent; or the maximum allowable cost set by the federal government under United States Code, title 42, chapter 7, section 1396r-8(e), and Code of Federal Regulations, title 42, section 447.332, or by the commissioner under paragraph (c).

Sec. 14. Minnesota Statutes 2000, section 256B.32, is amended to read:

**256B.32 FACILITY FEE FOR OUTPATIENT HOSPITAL EMERGENCY ROOM AND CLINIC VISITS.**

(a) The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism may not result in an overall increase in outpatient payment rates. This section does not apply to federally mandated maximum payment limits, department approved program packages, or services billed using a nonoutpatient hospital provider number.

(b) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rates.

Sec. 15. Minnesota Statutes 2000, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **MANAGED CARE CONTRACTS.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. The withheld funds will be returned no sooner than

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

July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

Sec. 16. Minnesota Statutes 2001 Supplement, section 256B.69, subdivision 5b, is amended to read:

Subd. 5b. **PROSPECTIVE REIMBURSEMENT RATES.** (a) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, ~~1998~~ 2003, capitation rates for nonmetropolitan counties shall on a weighted average be no less than ~~88~~ 87 percent of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall make a pro rata adjustment in capitation rates paid to counties other than nonmetropolitan counties in order to make this provision budget neutral.

~~(b) For prepaid medical assistance program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 2001, capitation rates for nonmetropolitan counties shall, on a weighted average, be no less than 89 percent of the capitation rates for metropolitan counties, excluding Hennepin county.~~

(e) This subdivision shall not affect the nongeographically based risk adjusted rates established under section 62Q.03, subdivision 5a.

Sec. 17. Minnesota Statutes 2001 Supplement, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. **MEDICAL EDUCATION AND RESEARCH FUND.** (a) The commissioner of human services shall transfer each year to the medical education and research fund established under section 62J.692, the following:

(1) an amount equal to the reduction in the prepaid medical assistance and prepaid general assistance medical care payments as specified in this clause. Until January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments and after the regional rate adjustments under section 256B.69, subdivision 5b, is reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and no reduction for nonmetropolitan Minnesota counties; and after January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments is reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties. Nursing facility and elderly waiver payments and demonstration project payments operating under subdivision 23 are excluded from this reduction. The amount calculated under this clause shall not be adjusted for periods already paid due to subsequent changes to the capitation payments; and

(2) beginning July 1, 2001, \$2,537,000 from the capitation rates paid under this section plus any federal matching funds on this amount;

(3) beginning July 1, 2002, an additional \$12,700,000 from the capitation rates paid under this section; and

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

(4) beginning July 1, 2003, an additional \$4,700,000 from the capitation rates paid under this section.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund.

Sec. 18. Minnesota Statutes 2000, section 256B.69, is amended by adding a subdivision to read:

Subd. 5f. CAPITATION RATES. Beginning July 1, 2002, the capitation rates paid under this section are increased by \$12,700,000 per year. Beginning July 1, 2003, the capitation rates paid under this section are increased by \$4,700,000 per year.

Sec. 19. Minnesota Statutes 2000, section 256B.69, is amended by adding a subdivision to read:

Subd. 5g. PAYMENT FOR COVERED SERVICES. For services rendered on or after January 1, 2003, the total payment made to managed care plans for providing covered services under the medical assistance and general assistance medical care programs is reduced by .5 percent from their current statutory rates. This provision excludes payments for nursing home services, home and community-based waivers, and payments to demonstration projects for persons with disabilities.

Sec. 20. Minnesota Statutes 2001 Supplement, section 256B.75, is amended to read:

#### **256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.**

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (11), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

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

(c) Effective for services provided on or after July 1, ~~2002~~ 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the ~~2002~~ 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

Sec. 21. Minnesota Statutes 2000, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. **GENERAL REQUIREMENTS.** (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than ~~150~~ 175 percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than ~~150~~ 175 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a \$500 deductible available through the Minnesota comprehensive health association. Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given an 18-month notice period from the date that ineligibility is determined before disenrollment.

**EFFECTIVE DATE.** This section is effective July 1, 2003.

Sec. 22. Minnesota Statutes 2000, section 256L.07, subdivision 3, is amended to read:

Subd. 3. **OTHER HEALTH COVERAGE.** (a) Families and individuals enrolled in the MinnesotaCare program must have no health coverage while enrolled or for at

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

least four months prior to application and renewal. Children enrolled in the original children's health plan and children in families with income equal to or less than 150 175 percent of the federal poverty guidelines, who have other health insurance, are eligible if the coverage:

(1) lacks two or more of the following:

- (i) basic hospital insurance;
- (ii) medical-surgical insurance;
- (iii) prescription drug coverage;
- (iv) dental coverage; or
- (v) vision coverage;

(2) requires a deductible of \$100 or more per person per year; or

(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.

The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.

(b) Medical assistance, general assistance medical care, and civilian health and medical program of the uniformed service, CHAMPUS, are not considered insurance or health coverage for purposes of the four-month requirement described in this subdivision.

(c) For purposes of this subdivision, Medicare Part A or B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-4, is considered health coverage. An applicant or enrollee may not refuse Medicare coverage to establish eligibility for MinnesotaCare.

(d) Applicants who were recipients of medical assistance or general assistance medical care within one month of application must meet the provisions of this subdivision and subdivision 2.

**EFFECTIVE DATE.** This section is effective July 1, 2003.

Sec. 23. Minnesota Statutes 2000, section 256L.12, subdivision 9, is amended to read:

Subd. 9. **RATE SETTING.** (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) For services rendered on or after January 1, 2003, the commissioner shall withhold .5 percent of managed care plan payments under this section pending completion of performance targets. The withheld funds will be returned no sooner than

New language is indicated by underline, deletions by strikeout.

July 1 and no later than July 31 of the following year if performance targets in the contract are achieved.

Sec. 24. Minnesota Statutes 2001 Supplement, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. **PREMIUM DETERMINATION.** (a) Families with children and individuals shall pay a premium determined according to a sliding fee based on a percentage of the family's gross family income.

(b) Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.

~~(c) Effective July 1, 2002, through June 30, 2006, at their option, children with gross family income at or below 217 percent of the federal poverty guidelines who are eligible for MinnesotaCare in the first month following termination from medical assistance shall not pay a premium for 12 months.~~

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 25. Minnesota Statutes 2000, section 256L.15, subdivision 3, is amended to read:

Subd. 3. **EXCEPTIONS TO SLIDING SCALE.** An annual premium of \$48 is required for all children in families with income at or less than ~~150~~ 175 percent of federal poverty guidelines.

**EFFECTIVE DATE.** This section is effective July 1, 2003.

Sec. 26. Laws 2001, First Special Session chapter 9, article 2, section 7, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective ~~January 1, 2002~~ July 1, 2003.

Sec. 27. **REPEALER.**

Minnesota Statutes 2001 Supplement, section 256L.03, subdivision 5a, is repealed.

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## ARTICLE 16

### MISCELLANEOUS HEALTH

Section 1. Minnesota Statutes 2000, section 145.9266, subdivision 3, is amended to read:

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

**Subd. 3. PROFESSIONAL TRAINING AND EDUCATION ABOUT FETAL ALCOHOL SYNDROME.** (a) The commissioner of health, in collaboration with the board of medical practice, the board of nursing, and other professional boards and state agencies, shall develop curricula and materials about fetal alcohol syndrome for professional training of health care providers, social service providers, educators, and judicial and corrections systems professionals. The training and curricula shall increase knowledge and develop practical skills of professionals to help them address the needs of at-risk pregnant women and the needs of individuals affected by fetal alcohol syndrome or fetal alcohol effects and their families.

(b) Training for health care providers shall focus on skill building for screening, counseling, referral, and follow-up for women using or at risk of using alcohol while pregnant. Training for health care professionals shall include methods for diagnosis and evaluation of fetal alcohol syndrome and fetal alcohol effects. Training for education, judicial, and corrections professionals shall involve effective education strategies, methods to identify the behaviors and learning styles of children with alcohol-related birth defects, and methods to identify available referral and community resources.

(c) Training and education for social service providers shall focus on resources for assessing, referring, and treating at-risk pregnant women, changes in the mandatory reporting and commitment laws, and resources for affected children and their families.

Sec. 2. Minnesota Statutes 2000, section 251.013, is amended to read:

**251.013 AH-GWAH-CHING CENTER, WILLMAR, AND FERGUS FALLS REGIONAL TREATMENT CENTERS.**

**Subdivision 1. ~~INTENT AH-GWAH-CHING.~~** It is the intent of the legislature that the Ah-Gwah-Ching center continue operation in Walker, Minnesota, as a provider of nursing care to geriatric and other residents whose aggressive or difficult to manage behavioral needs cannot be met in their home community.

**Subd. 2. ADMISSIONS CRITERIA.** An individual who has a documented history of behavioral patterns that pose a substantial risk of harm to the individual, other vulnerable adults, staff, or visitors is eligible for placement at the Ah-Gwah-Ching center if the individual meets all other admissions criteria.

**Subd. 3. GERIATRIC RAPID ASSESSMENT STABILIZATION PROGRAM.** The Ah-Gwah-Ching center shall provide information on the geriatric rapid assessment stabilization program (GRASP) or emergency admittance programs to nursing facilities throughout the state and shall promote and encourage the use of these programs by these facilities.

**Subd. 4. WILLMAR.** It is the intent of the legislature that the Willmar regional treatment center continue operation in Willmar as a provider of mental health and chemical dependency treatment, and also as an operator of community-based programs for persons with developmental disabilities.

**Subd. 5. FERGUS FALLS.** It is the intent of the legislature to continue operation as a downsized regional treatment center in Fergus Falls and use state employees to operate and maintain the downsized facility.

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

**Sec. 3. REPEALER.**

(a) Minnesota Statutes 2000, sections 144.6905 and 145.475, are repealed.

(b) Minnesota Statutes 2000, section 256.9731, is repealed.

(c) Minnesota Statutes 2000, sections 256K.01; 256K.015; 256K.02; 256K.03, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12; 256K.04; 256K.05; 256K.06; 256K.08; 256K.09; and Minnesota Statutes 2001 Supplement, sections 256K.03, subdivision 1; and 256K.07, are repealed.

(d) Laws 1999, chapter 152, as amended by Laws 2000, chapter 488, article 9, section 33, Laws 2001, First Special Session chapter 9, article 3, section 72, and Laws 2001, First Special Session chapter 9, article 13, section 18, is repealed.

(e) Laws 2001, First Special Session chapter 9, article 13, sections 22, 25, 26, 27, and 28, are repealed.

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**ARTICLE 17****HEALTH AND HUMAN SERVICES APPROPRIATIONS****Section 1. HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The dollar amounts shown in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 9, or other law, and are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2002" and "2003" used in this article mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

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

## SUMMARY BY FUND

	2002	2003	TOTAL
General Forecast Adjustments	\$13,759,000	\$36,283,000	\$50,042,000
Nonforecast	(1,386,000)	(54,038,000)	(55,424,000)
Health Care Access	13,881,000	8,410,000	22,291,000
State Government Special Revenue	75,000	-0-	75,000
Federal TANF	7,406,000	9,482,000	16,888,000

## APPROPRIATIONS

Available for the Year  
Ending June 30

2002                      2003

Sec. 2. COMMISSIONER OF  
HUMAN SERVICES

Subdivision 1. Total Appropriation                      \$ 41,003,000                      \$ 7,280,000

## Summary by Fund

General	19,716,000	(10,612,000)
Health Care Access	13,881,000	8,410,000
Federal TANF	7,406,000	9,482,000
Subd. 2. Agency Management		
General	-0-	(8,972,000)

The amounts that may be spent from the appropriation for each purpose are as follows:

## Management Operations

General	-0-	(8,972,000)
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## Subd. 3. Basic Health Care Grants

General	11,992,000	6,229,000
Health Care Access	13,881,000	8,410,000

The amounts that may be spent from this appropriation for each purpose are as follows:

## (a) MinnesotaCare Grants

Health Care Access	13,881,000	8,410,000
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## (b) MA Basic Health Care Grants - Families and Children

General	(17,319,000)	(18,764,000)
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**TRANSFER.** (a) Of the general fund appropriations to the University of Minnesota in the higher education omnibus appropriation bill, \$12,700,000 in fiscal year 2003 is to be transferred to the commissioner of human services for the following purposes: (1) \$6,350,000 is for the capitation payments under Minnesota Statutes, section 256B.69; and (2) \$6,350,000 is to be deposited in the general fund.

(b) For fiscal years beginning on or after July 1, 2003, \$17,400,000 each year shall be transferred to the commissioner for the following purposes: (1) \$8,700,000 is for the capitation payments under Minnesota Statutes, section 256B.69; and (2) \$8,700,000 is to be deposited in the general fund.

(c) These transfers shall not be made until the federal government approves the medical education payments authorized in Minnesota Statutes, section 62J.692, subdivision 7, paragraph (c). Notwithstanding the provisions of section 5, this provision shall not expire.

**NONMETROPOLITAN COUNTY PREPAID MEDICAL ASSISTANCE PROGRAM RATE REDUCTION.** A demonstration provider must not reduce payment rates to providers to reflect the reduction effective January 1, 2003, in rates paid under Minnesota Statutes, section 256B.69, to nonmetropolitan counties.

## (c) MA Basic Health Care Grants - Elderly and Disabled

General	3,062,000	(15,710,000)
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## (d) General Assistance Medical Care Grants

General	26,249,000	40,752,000
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## (e) Health Care Grants - Other Assistance

General	-0-	(49,000)
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**PRESCRIPTION DRUG PROGRAM FUNDING.** (1) The commissioner may expend money appropriated for the prescription drug program in either fiscal year of the 2002-2003 biennium. (2) The commissioner shall administer the prescription drug program pursuant to Minnesota Statutes, section 256.955, subdivision 9, so that the costs total not more than funds appropriated plus the drug rebate proceeds.

**COMMISSIONER OF FINANCE TO RECOGNIZE DRUG PROGRAM PROJECTED NEED.** For November 2002 and February 2003 forecasts, the commissioner of finance shall recognize in the fund balance the prescription drug program's projected spending for fiscal years 2002 and 2003. When establishing the base funding level for the prescription drug program for the biennium beginning July 1, 2003, the commissioner of finance shall provide a base level adjustment to reflect the program's projected spending, as reflected in legislative tracking documents as of the effective date of this article.

**DENTAL ACCESS GRANTS CARRY-OVER AUTHORITY.** Any unspent portion of the appropriation from the health care access fund in fiscal year 2002 for dental access grants under Minnesota Statutes, section 256B.53, shall not cancel but shall be allowed to carry forward to be spent in fiscal year 2003 for these purposes.

Subd. 4. Basic Health Care  
Management

General	-0-	(1,065,000)
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Health Care Policy Administration

General	-0-	400,000
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(b) Health Care Operations

General	-0-	(1,465,000)
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Subd. 5. State-Operated Services

General	-0-	(8,520,000)
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Subd. 6. Continuing Care Grants

General	(8,907,000)	(26,227,000)
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Aging Adult Service Grants

General	-0-	(2,638,000)
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**PLANNING AND SERVICE DEVELOPMENT.** The planning and service development grant from Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 9, is eliminated for fiscal year 2003. Base funding for the 2004-2005 biennium shall be \$550,000 each year. Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 9, beginning in fiscal year 2004, the commissioner shall annually distribute \$5,000 to each county. Counties with more than 10,000 persons over age 65 shall receive a distribution of an additional 25 cents for each person over age 65. The amount distributed to each area agency on aging shall be \$2,500.

**COMMUNITY SERVICES DEVELOPMENT GRANTS.** For fiscal year 2003,

base level funding for community services development grants under Minnesota Statutes, section 256.9754, is reduced by \$1,478,000. For fiscal year 2004, base level funding for these grants is reduced by \$768,000. For fiscal year 2005, base level funding shall be \$3,000,000, and this amount shall be the base funding level for these grants for the biennium beginning July 1, 2005. Notwithstanding section 5, this provision shall not expire.

(b) Medical Assistance Long-Term Care Waivers and Home Care Grants

General	18,471,000	12,833,000
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(c) Medical Assistance Long-Term Care Facilities Grants

General	(27,382,000)	(31,922,000)
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(d) Group Residential Housing Grants

General	4,000	574,000
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**FEDERAL FUNDING FOR GROUP RESIDENTIAL HOUSING COSTS.**

The commissioner shall seek federal funding to offset costs for group residential housing services under Minnesota Statutes, chapter 256I. Any federal funding received shall be distributed to counties on a pro rata basis according to county spending under Minnesota Statutes, section 256B.19, subdivision 1, clause (3), for the costs of nursing facility placements of persons with disabilities under the age of 65 that have exceeded 90 days. The commissioner shall report to the legislature by January 15, 2003, on the status of additional federal funding for group residential housing costs.

(e) Chemical Dependency Entitlement Grants

General	-0-	(84,000)
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**CONSOLIDATED CHEMICAL DEPENDENCY TREATMENT FUND RESERVE TRANSFER.** In fiscal year 2003,

\$8,544,000 of funds available in the consolidated chemical dependency treatment fund general reserve account is transferred to the general fund.

(f) Community Social Services  
Block Grants

General	-0-	(4,990,000)
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**CSSA TRADITIONAL APPROPRIATION REDUCTION.** For fiscal year 2003, base level funding for community social service aids under Minnesota Statutes, section 256E.06, subdivisions 1 and 2, is reduced by \$4,700,000. This reduction shall become part of base level funding for the biennium beginning July 1, 2003. Notwithstanding section 5, this provision shall not expire.

**CSSA GRANTS FOR FORMER GRH RECIPIENTS.** For fiscal year 2003, base level funding for community social service aids under Minnesota Statutes, section 256E.06, subdivision 2b, is reduced by \$290,000. This reduction shall become part of base level funding for the biennium beginning July 1, 2003. These reductions shall be made on a pro rata basis to each affected county. Notwithstanding section 5, this provision shall not expire.

Subd. 7. Continuing Care Management

General	(1,295,000)	(205,000)
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**DAY TRAINING TASK FORCE.** The general fund appropriation in fiscal year 2003 in Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 10, for the day training and habilitation restructuring task force is eliminated.

Subd. 8. Economic Support Grants

General	17,926,000	30,734,000
Federal TANF	9,656,000	11,232,000

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Assistance to Families Grants

General	16,988,000	28,391,000
Federal TANF	9,656,000	11,232,000

**TANF MAINTENANCE OF EFFORT.**

If the commissioner determines that the state will meet its federal work participation rate for the federal fiscal year ending that September, the commissioner shall reduce the state maintenance of effort expenditure for MFIP cash and food assistance benefits to the extent allowed under Code of Federal Regulations, title 45, section 263.1(a)(2), in state fiscal years 2004 and 2005.

(b) Work Grants

General	-0-	(404,000)
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(c) Economic Support Grants - Other Assistance

General	(1,000,000)	(100,000)
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(d) General Assistance Grants

General	3,300,000	4,288,000
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(e) Minnesota Supplemental Aid Grants

General	(1,362,000)	(1,441,000)
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Subd. 9. Administrative Reimbursement and Pass-Through

TANF	(2,250,000)	(1,750,000)
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Subd. 10. Children's Services

General	-0-	(2,586,000)
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Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation Reductions		(7,343,000)	(7,143,000)
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## SUMMARY BY FUND

	2002,	2003	
General	(7,343,000)	(7,143,000)	
Subd. 2. Family and Community Health		(1,647,000)	(1,097,000)
Summary by Fund			
General	(1,647,000)	(1,097,000)	

**ONETIME GRANT REDUCTIONS.**

\$200,000 of the appropriation reduction the first year is from competitive grants to reduce health disparities in infant mortality rates and adult and child immunization rates authorized in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

\$300,000 of the appropriation reduction the first year is from competitive grants to reduce health disparities in breast and cervical cancer screening rates, HIV/AIDS and sexually transmitted infection rates, cardiovascular disease rates, diabetes rates, and rates of accidental injuries and violence authorized in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

\$150,000 of the appropriation reduction the first year is from community-based programs for suicide prevention authorized in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

**HEALTH CARE ACCESS FUND ADMINISTRATION.** The appropriation from the health care access fund for administration in Laws 2001, First Special Session chapter 9, article 17, section 3, is reduced by \$347,000 each year of the biennium beginning July 1, 2001.

**HEALTH CARE INTERN AND CAREER PROGRAMS.** Of the appropria-

tion in Laws 2001, First Special Session chapter 9, article 17, section 3, from the health care access fund, \$200,000 each year of the biennium beginning July 1, 2001, is for the summer health care intern program under Minnesota Statutes, section 144.1464, and \$147,000 each year is for the promotion of health and long-term care careers under Minnesota Statutes, section 144.1499.

Subd. 3. Access and Quality Improvement

(4,970,000)

(5,020,000)

**HEALTH STATUS IMPROVEMENT GRANTS.** Of this reduction, \$120,000 each year is from money for grants appropriated under Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

Subd. 4. Health Protection

(351,000)

(651,000)

**FOOD SAFETY.** Of this reduction, \$200,000 in fiscal year 2002 is from the appropriation for a community health education and promotion program on food safety authorized under Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 4.

Subd. 5. Management and Support Services

(375,000)

(375,000)

Sec. 4. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation

75,000

-0-

The appropriations in this section are from the state government special revenue fund.

**NO SPENDING IN EXCESS OF REVENUES.** The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the

boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. Board of Chiropractic Examiners

75,000

-0-

**LEGAL COSTS.** Of this appropriation, \$75,000 for the fiscal year beginning July 1, 2001, is to the board to pay for extraordinary legal costs. This is a onetime appropriation and shall not become part of base-level funding for the 2004-2005 biennium.

**Sec. 5. SUNSET OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2003, unless a different expiration date is explicit.

**Sec. 6. EFFECTIVE DATE.**

Except as otherwise provided in this article, this article is effective the day following final enactment.

Presented to the governor February 21, 2002

Vetoed by the governor February 25, 2002, 3:48 p.m.

Reconsidered and approved by the legislature after the governor's veto February 28, 2002

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**CHAPTER 221—S.F.No. 58**

*An act relating to human services; changing terminology in statute of references to mentally ill person; amending Minnesota Statutes 2000, sections 13.89, subdivision 2; 148.263, subdivision 5; 148B.07, subdivision 6; 148B.283, subdivision 7; 148C.09, subdivision 1; 149A.61, subdivision 5; 153.19, subdivision 1; 153.24, subdivision 5; 156.081, subdivision 2; 156.122; 245.462, subdivision 20; 253.015, subdivision 2; 253.21; 253B.02, subdivisions 17, 18, 19; 253B.06, subdivision 1; 253B.12, subdivision 1; 253B.141, subdivision 2; 253B.15, subdivision 1; 253B.16, subdivision 1; 253B.17, subdivision 1; 253B.18, subdivisions 1, 2, 3, 4a, 4b, 6, 7, 15; 253B.185, subdivision 1; 253B.19, subdivision 2; 253B.212, subdivision 2; 256E.03, subdivision 2; 299F.77; 376.01; 376.02; 462A.02, subdivision 9; 462A.03, subdivision 19; 609.06, subdivision 1; 609.668, subdivision 2; 624.713, subdivision 1; 631.50; Minnesota Statutes 2001 Supplement, sections 241.69, subdivisions 2, 3, 4, 5; 253B.02, subdivision 13; 253B.09, subdivision 1.*

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

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