

Presented to the governor May 14, 2002

Signed by the governor May 17, 2002, 10:33 a.m.

CHAPTER 374—H.F.No. 3270

An act relating to the financing of state government; appropriating money and reducing appropriations for kindergarten through grade 12, early childhood and family education, higher education, environment, state government, and health and human services; canceling balances and appropriations and transferring balances to the general fund in order to avert a deficit; converting certain capital project financing from general fund cash to general obligation bonding; modifying education aids; transferring programs; changing certain fees; modifying certain programs; amending Minnesota Statutes 2000, sections 13.05, subdivision 4; 16A.28, subdivision 6; 16B.27, by adding a subdivision; 79.251, subdivision 1; 115A.557, subdivision 1; 115A.96, subdivisions 2, 3, 4, 5, 7, as added; 124D.69, by adding a subdivision; 125A.65, subdivisions 1, 3, 8, 9; 127A.45, subdivisions 2, 3, 10, 13, 14, 16, by adding a subdivision; 136A.121, subdivision 7; 144.395, subdivision 1, as amended; 241.44, by adding a subdivision; 256.9657, subdivision 1, as amended; 256B.431, subdivisions 23, as amended, 37, as added; 256E.06, subdivision 3; 256J.425, by adding a subdivision; 256L.01, subdivision 4; Minnesota Statutes 2001 Supplement, sections 62J.694, subdivision 1; 123B.54, as amended; 124D.11, subdivision 9; 126C.10, subdivision 13; 126C.17, subdivision 7; 127A.45, subdivision 14a; 241.021, subdivision 4; 256B.5013, subdivision 1, as amended; 256J.425, subdivisions 3, 4, 5; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 2; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 4; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 7, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 9, as amended; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 5, as amended; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 4; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 6; Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 5; Laws 2001 First Special Session chapter 3, article 3, section 9, subdivision 7; Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 3; Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 6; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 11, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77,

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subdivision 15, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 18, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 3, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 7, as amended; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 3, as amended; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 3; Laws 2001, First Special Session chapter 6, article 7, section 14, as amended; Laws 2001, First Special Session chapter 9, article 2, section 74; Laws 2002, chapter 220, article 2, section 14, subdivision 1; Laws 2002, chapter 220, article 8, section 15; Laws 2002, chapter 220, article 10, section 4; Laws 2002, chapter 220, article 10, section 36; Laws 2002, chapter 220, article 10, section 37, as amended; Laws 2002 chapter 220, article 10, section 38, subdivision 2; Laws 2002, chapter 220, article 10, section 38, subdivision 3; Laws 2002, chapter 220, article 10, section 39; Laws 2002, chapter 220, article 13, section 7; Laws 2002, chapter 220, article 13, section 9, subdivision 1; Laws 2002, chapter 220, article 13, section 9, subdivision 2.

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

ARTICLE 1

EDUCATION AID PAYMENT DELAY

Section 1. Minnesota Statutes 2001 Supplement, section 124D.11, subdivision 9, is amended to read:

Subd. 9. **PAYMENT OF AID TO CHARTER SCHOOLS.** (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school not in its first year of operation shall be of an equal amount on each of the 23 payment dates. A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed.

(b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the end of a school year, 90 ~~83~~ percent of the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts.

(c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 90 ~~83~~ percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(d) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a quarterly report to the department of children, families, and learning. The report must list each student by grade, show the

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student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit enrollment information to the department in the form and manner requested by the department.

Sec. 2. Minnesota Statutes 2000, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) ~~90~~ 83 percent of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts; plus

(iv) ~~the final adjustment payment according to subdivision 9.~~

(c) The term "payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 3. Minnesota Statutes 2000, section 127A.45, subdivision 3, is amended to read:

Subd. 3. **PAYMENT DATES AND PERCENTAGES.** (a) For fiscal year 2003, the commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

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	Payment date	Percentage
Payment 1	July 15:	4.6 5.1
Payment 2	July 30:	6.9 <u>7.7</u>
Payment 3	August 15: the greater of (a) the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 15.2 percent	16.9
Payment 4	August 30:	17.4 <u>19.3</u>
Payment 5	September 15:	19.6 21.8
Payment 6	September 30:	21.8 <u>24.3</u>
Payment 7	October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 24 percent	<u>26.3</u>
Payment 8	October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 27.3 percent	28.3
Payment 9	November 15:	33.3 <u>32.8</u>
Payment 10	November 30:	39.3 <u>39.1</u>
Payment 11	December 15:	42.3 <u>42.4</u>
Payment 12	December 30:	45.3 <u>45.6</u>
Payment 13	January 15:	49.5 <u>50.5</u>
Payment 14	January 30:	53.8 <u>55.0</u>
Payment 15	February 15:	58.3 <u>60.2</u>
Payment 16	February 28:	62.8 <u>65.0</u>
Payment 17	March 15:	67.6 <u>69.7</u>
Payment 18	March 30:	72.3 <u>74.3</u>
Payment 19	April 15:	75.3 <u>78.3</u>
Payment 20	April 30:	81.3 <u>84.2</u>
Payment 21	May 15:	84.3 <u>88.7</u>
Payment 22	May 30:	92.3 <u>93.3</u>
Payment 23	June 20:	100.0

(b) In addition to the amounts paid under paragraph (a), for fiscal year 2003, the commissioner shall pay to a district on the dates indicated an amount computed as follows:

Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392

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<u>Payment 7</u>	<u>October 15: one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits</u>
<u>Payment 8</u>	<u>October 30: one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits</u>

(c) For fiscal year 2004 and later, the commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	<u>Payment date</u>	<u>Percentage</u>
<u>Payment 1</u>	<u>July 15:</u>	<u>5.1</u>
<u>Payment 2</u>	<u>July 30:</u>	<u>7.7</u>
<u>Payment 3</u>	<u>August 15:</u>	<u>16.9</u>
<u>Payment 4</u>	<u>August 30:</u>	<u>19.3</u>
<u>Payment 5</u>	<u>September 15:</u>	<u>21.8</u>
<u>Payment 6</u>	<u>September 30:</u>	<u>24.3</u>
<u>Payment 7</u>	<u>October 15:</u>	<u>26.3</u>
<u>Payment 8</u>	<u>October 30:</u>	<u>28.3</u>
<u>Payment 9</u>	<u>November 15:</u>	<u>30.3</u>
<u>Payment 10</u>	<u>November 30:</u>	<u>35.0</u>
<u>Payment 11</u>	<u>December 15:</u>	<u>40.0</u>
<u>Payment 12</u>	<u>December 30:</u>	<u>43.0</u>
<u>Payment 13</u>	<u>January 15:</u>	<u>48.0</u>
<u>Payment 14</u>	<u>January 30:</u>	<u>52.0</u>
<u>Payment 15</u>	<u>February 15:</u>	<u>56.0</u>
<u>Payment 16</u>	<u>February 28:</u>	<u>61.0</u>
<u>Payment 17</u>	<u>March 15:</u>	<u>66.0</u>
<u>Payment 18</u>	<u>March 30:</u>	<u>72.0</u>
<u>Payment 19</u>	<u>April 15:</u>	<u>76.0</u>
<u>Payment 20</u>	<u>April 30:</u>	<u>83.0</u>
<u>Payment 21</u>	<u>May 15:</u>	<u>88.0</u>
<u>Payment 22</u>	<u>May 30:</u>	<u>95.0</u>
<u>Payment 23</u>	<u>June 20:</u>	<u>100.0</u>

(d) In addition to the amounts paid under paragraph (c), for fiscal year 2004 and later, the commissioner shall pay to a district on the dates indicated an amount computed as follows:

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- Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
- Payment 4 August 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 6 September 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 8 October 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

Sec. 4. Minnesota Statutes 2000, section 127A.45, is amended by adding a subdivision to read:

Subd. 7a. ADVANCE FINAL PAYMENT. (a) Notwithstanding subdivisions 3 and 7, a school district or a charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment for the current fiscal year on June 20, if requested by the district. The amount paid under this subdivision must not exceed the lesser of:

(1) seven percent of the district or charter school's general education aid for the current fiscal year; or

(2) the amount by which the district or charter school's net negative unreserved general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the district or charter school's expenditures for that fiscal year.

(b) The state total advance final payment under this subdivision for any year must not exceed \$17,500,000. If the amount requested exceeds \$17,500,000, the advance final payment for each eligible district must be reduced proportionately.

Sec. 5. Minnesota Statutes 2000, section 127A.45, subdivision 10, is amended to read:

Subd. 10. PAYMENTS TO SCHOOL NONOPERATING FUNDS. Each fiscal year state general fund payments for a district nonoperating fund must be made at 90 83 percent of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid or homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a

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serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

Sec. 6. Minnesota Statutes 2000, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **AID PAYMENT PERCENTAGE.** Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at 90 83 percent of the estimated entitlement during the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 equals 70 percent of the district's entitlement for the second prior fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 7. Minnesota Statutes 2000, section 127A.45, subdivision 14, is amended to read:

Subd. 14. **NONPUBLIC AIDS.** The state shall pay aid according to sections 123B.40 to 123B.48 for pupils attending nonpublic schools as follows:

- (1) an advance payment by November 30 equal to 90 83 percent of the estimated entitlement for the current fiscal year; and
- (2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay nonpublic pupil transportation aid according to section 123B.92 by October 31.

Sec. 8. Minnesota Statutes 2001 Supplement, section 127A.45, subdivision 14a, is amended to read:

Subd. 14a. **STATE NUTRITION PROGRAMS.** Notwithstanding subdivision 3, the state shall pay 100 percent of the aid for the current year according to sections 124D.111, 124D.115, and 124D.118 and 90 83 percent of the aid for the current year according to section 124D.1156 based on submitted monthly vouchers showing meals and milk served. The remaining ~~ten~~ 17 percent according to section 124D.1156 shall be paid by October 30 of the following fiscal year.

Sec. 9. Minnesota Statutes 2000, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **PAYMENTS TO THIRD PARTIES.** Notwithstanding subdivision 3, 90 83 percent of the amounts under section 123A.26, subdivision 3, shall be paid in equal installments on August 30, December 30, and March 30, with a ~~ten~~ 17 percent final adjustment payment on October 30 of the next fiscal year.

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Sec. 10. APPROPRIATION, ADVANCE FINAL PAYMENT.

\$17,500,000 is appropriated from the general fund to the commissioner of children, families, and learning to make advance final payments to school districts and charter schools under section 4.

ARTICLE 2

EARLY CHILDHOOD AND FAMILY EDUCATION

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

Subd. 2. **SCHOOL READINESS PROGRAM REVENUE.** For revenue for school readiness programs according to Minnesota Statutes, sections 124D.15 and 124D.16:

\$10,395,000	.....	2002
\$10,395,000	<u>\$9,667,000</u>	..... 2003

The 2002 appropriation includes \$1,039,000 for 2001 and \$9,356,000 for 2002.

The 2003 appropriation includes \$1,039,000 for 2002 and ~~\$9,356,000~~ \$8,628,000 for 2003.

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

Sec. 2. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 3, as amended by Laws 2002, chapter 220, article 2, section 2, is amended to read:

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

\$20,725,000	<u>\$20,746,000</u>	.....	2002
\$20,624,000	<u>\$19,184,000</u>	.....	2003

The 2002 appropriation includes \$2,036,000 for 2001 and ~~\$18,689,000~~ \$18,710,000 for 2002.

The 2003 appropriation includes ~~\$2,076,000~~ \$2,079,000 for 2002 and ~~\$18,548,000~~ \$17,105,000 for 2003.

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

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

Subd. 4. **HEALTH AND DEVELOPMENTAL SCREENING AID.** For health and developmental screening aid according to Minnesota Statutes, sections 121A.17 and 121A.19:

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\$2,661,000	2002
\$2,661,000	<u>\$2,475,000</u> 2003

The 2002 appropriation includes \$266,000 for 2001 and \$2,395,000 for 2002.

The 2003 appropriation includes \$266,000 for 2002 and ~~\$2,395,000~~ \$2,209,000 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 7, as amended by Laws 2002, chapter 220, article 2, section 3, 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
\$100,000	<u>\$94,000</u>	..... 2003

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

The 2003 appropriation includes \$21,000 for 2002 and ~~\$79,000~~ \$73,000 for 2003.

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, as amended by Laws 2002, chapter 220, article 2, section 5, is amended to read:

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

\$69,201,000	<u>\$59,956,000</u>	.....	2002
\$77,122,000	<u>\$68,182,000</u>	.....	2003

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

Sec. 6. Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 3, as amended by Laws 2002, chapter 220, article 2, section 8, 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:

\$1,404,000	<u>\$1,695,000</u>	.....	2002
\$1,357,000	<u>\$1,014,000</u>	.....	2003

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.

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Sec. 7. Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 5, as amended by Laws 2002, chapter 220, article 2, section 9, 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):

\$973,000	\$775,000	.....	2002
\$997,000	<u>\$801,000</u>	.....	2003

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.

Sec. 8. Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3, as amended by Laws 2002, chapter 220, article 2, section 10, is amended to read:

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

\$14,190,000	\$14,194,000	.....	2002
\$ 8,186,000	<u>\$ 7,664,000</u>	.....	2003

The 2002 appropriation includes \$1,528,000 for 2001 and ~~\$12,662,000~~ \$12,666,000 for 2002.

The 2003 appropriation includes ~~\$1,406,000~~ \$1,407,000 for 2002 and ~~\$6,780,000~~ \$6,257,000 for 2003.

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

Sec. 9. Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 4, is amended to read:

Subd. 4. **ADULTS WITH DISABILITIES PROGRAM AID.** For adults with disabilities programs according to Minnesota Statutes, section 124D.56:

\$639,000	.....	2002
\$710,000	<u>\$661,000</u>	..... 2003

The 2002 appropriation includes \$0 for 2001 and \$639,000 for 2002.

The 2003 appropriation includes \$71,000 for 2002 and ~~\$639,000~~ \$590,000 for 2003.

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

Sec. 10. Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 6, is amended to read:

Subd. 6. **VIOLENCE PREVENTION EDUCATION GRANTS.** For violence prevention education grants according to Minnesota Statutes, section 120B.23:

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\$1,305,000	2002	
\$1,450,000	<u>\$1,349,000</u>	2003

The 2002 appropriation includes \$0 for 2001 and \$1,305,000 for 2002.

The 2003 appropriation includes \$145,000 for 2002 and ~~\$1,305,000~~ \$1,204,000 for 2003.

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

Sec. 11. Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 5, is amended to read:

Subd. 5. **ADULT BASIC EDUCATION AID.** For adult basic education aid according to Minnesota Statutes, section 124D.531:

\$32,150,000	.....	2002	
\$34,731,000	<u>\$32,282,000</u>	.....	2003

The 2002 appropriation includes \$3,019,000 for 2001 and \$29,131,000 for 2002.

The 2003 appropriation includes \$3,237,000 for 2002 and ~~\$31,494,000~~ \$29,045,000 for 2003.

Sec. 12. Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 7, is amended to read:

Subd. 7. **ADULT GRADUATION AID.** For adult graduation aid according to Minnesota Statutes, section 124D.54:

\$3,195,000	<u>\$2,462,000</u>	.....	2002
\$3,356,000	<u>\$2,327,000</u>	.....	2003

The 2002 appropriation includes \$305,000 for 2001 and ~~\$2,890,000~~ \$2,157,000 for 2002.

The 2003 appropriation includes ~~\$321,000~~ \$240,000 for 2002 and ~~\$3,035,000~~ \$2,087,000 for 2003.

Sec. 13. Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 2, as amended by Laws 2002, chapter 220, article 2, section 12, 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	<u>\$7,971,000</u>	.....	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~~ \$7,114,000 for 2003.

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Base level funding for fiscal year 2004 is ~~\$9,823,000~~ \$9,754,000 and ~~\$9,822,000~~ \$9,962,000 for fiscal year 2005.

Sec. 14. Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 3, is amended to read:

Subd. 3. **MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.** For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$903,000	.....	2002
\$903,000	<u>\$840,000</u>	..... 2003

The 2002 appropriation includes \$90,000 for 2001 and \$813,000 for 2002.

The 2003 appropriation includes \$90,000 for 2002 and ~~\$813,000~~ \$750,000 for 2003.

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

Sec. 15. Laws 2002, chapter 220, article 2, section 14, subdivision 1, is amended to read:

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

Sec. 16. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 3

K-12 EDUCATION APPROPRIATION ADJUSTMENTS

Section 1. Minnesota Statutes 2001 Supplement, section 123B.54, as amended by Laws 2002, chapter 220, article 4, section 1, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$25,987,000~~ in fiscal year 2002, ~~\$31,892,000~~ \$29,941,000 in fiscal year 2003, ~~\$36,629,000~~ \$40,075,000 in fiscal year 2004, and ~~\$36,931,000~~ \$39,774,000 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.

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

Sec. 2. Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2, as amended by Laws 2002, chapter 220, article 4, section 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:

\$7,616,000	<u>\$7,027,000</u>	2003
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The 2003 appropriation includes \$0 for 2002 and ~~\$7,616,000~~ \$7,027,000 for 2003.

Sec. 3. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 2, as amended by Laws 2002, chapter 220, article 3, section 8, is amended to read:

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

\$3,404,787,000	<u>\$3,414,168,000</u>	.....	2002
\$4,982,334,000	<u>\$4,616,467,000</u>	.....	2003

The 2002 appropriation includes ~~\$323,767,000~~ \$333,756,000 for 2001 and ~~\$3,081,020,000~~ \$3,080,412,000 for 2002.

The 2003 appropriation includes ~~\$335,220,000~~ \$335,163,000 for 2002 and ~~\$4,647,114,000~~ \$4,281,304,000 for 2003.

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

Sec. 4. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, as amended by Laws 2002, chapter 220, article 4, section 3, is amended to read:

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

\$5,698,000	.....	2002
\$2,990,000	<u>\$2,870,000</u>	..... 2003

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

The 2003 appropriation includes \$562,000 for 2002 and ~~\$2,428,000~~ \$2,308,000 for 2003.

Sec. 5. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, as amended by Laws 2002, chapter 220, article 4, section 4, 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:

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

\$14,441,000	\$14,254,000	.....	2002
\$15,977,000	<u>\$14,259,000</u>	.....	2003

The 2002 appropriation includes \$1,330,000 for 2001 and ~~\$13,111,000~~ \$12,924,000 for 2002.

The 2003 appropriation includes ~~\$1,457,000~~ \$1,436,000 for 2002 and ~~\$14,520,000~~ \$12,823,000 for 2003.

Sec. 6. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, as amended by Laws 2002, chapter 220, article 4, section 5, is amended to read:

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

\$20,635,000	\$20,634,000	.....	2002
\$25,347,000	<u>\$22,236,000</u>	.....	2003

The 2002 appropriation includes \$2,000,000 for 2001 and ~~\$18,635,000~~ \$18,634,000 for 2002.

The 2003 appropriation includes ~~\$2,070,000~~ \$2,071,000 for 2002 and ~~\$23,277,000~~ \$20,165,000 for 2003.

Sec. 7. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, as amended by Laws 2002, chapter 220, article 4, section 6, is amended to read:

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

\$531,000	\$539,000	.....	2002
\$736,000	<u>\$225,000</u>	.....	2003

The 2002 appropriation includes \$44,000 for 2001 and ~~\$487,000~~ \$495,000 for 2002.

The 2003 appropriation includes \$54,000 for 2002 and ~~\$682,000~~ \$171,000 for 2003.

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

Sec. 8. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, as amended by Laws 2002, chapter 220, article 4, section 7, is amended to read:

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

\$12,323,000	\$12,286,000	.....	2002
\$15,330,000	<u>\$14,394,000</u>	.....	2003

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

The 2002 appropriation includes \$1,114,000 for 2001 and ~~\$11,209,000~~ \$11,172,000 for 2002.

The 2003 appropriation includes ~~\$1,245,000~~ \$1,241,000 for 2002 and ~~\$14,085,000~~ \$13,153,000 for 2003.

Sec. 9. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, as amended by Laws 2002, chapter 220, article 4, section 8, is amended to read:

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

\$2,090,000	<u>\$2,064,000</u>	.....	2002
\$1,549,000	<u>\$1,456,000</u>	.....	2003

The 2002 appropriation includes \$258,000 for 2001 and ~~\$1,832,000~~ \$1,806,000 for 2002.

The 2003 appropriation includes ~~\$204,000~~ \$200,000 for 2002 and ~~\$1,345,000~~ \$1,256,000 for 2003.

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

Subd. 6. **CHARTER SCHOOL INTEGRATION AID.** For grants to charter schools to promote integration and desegregation under Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

\$45,000	.....	2002
\$50,000	<u>\$47,000</u>	..... 2003

The 2002 appropriation includes \$0 for 2001 and \$45,000 for 2002.

The 2003 appropriation includes \$5,000 for 2002 and ~~\$45,000~~ \$42,000 for 2003.

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

Sec. 11. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, as amended by Laws 2002, chapter 220, article 4, section 9, is amended to read:

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

\$63,421,000	<u>\$63,311,000</u>	.....	2002
\$53,890,000	<u>\$50,418,000</u>	.....	2003

The 2002 appropriation includes \$5,729,000 for 2001 and ~~\$57,692,000~~ \$57,582,000 for 2002.

The 2003 appropriation includes ~~\$6,410,000~~ \$6,398,000 for 2002 and ~~\$47,480,000~~ \$44,020,000 for 2003.

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

Sec. 12. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 11, as amended by Laws 2002, chapter 220, article 4, section 10, is amended to read:

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

\$475,000	\$448,000	.....	2002
\$298,000	<u>\$326,000</u>	.....	2003

The 2002 appropriation includes \$25,000 for 2001 and ~~\$450,000~~ \$423,000 for 2002.

The 2003 appropriation includes ~~\$50,000~~ \$47,000 for 2002 and ~~\$248,000~~ \$279,000 for 2003.

Sec. 13. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 15, as amended by Laws 2002, chapter 220, article 4, section 11, 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:

\$1,924,000	.....	2002
\$2,137,000	<u>\$1,987,000</u>	..... 2003

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

The 2003 appropriation includes \$213,000 for 2002 and ~~\$1,924,000~~ \$1,774,000 for 2003.

Sec. 14. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 18, as amended by Laws 2002, chapter 220, article 4, section 12, is amended to read:

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

\$2,304,000	<u>\$2,147,000</u>	.....	2002
\$2,408,000	<u>\$2,221,000</u>	.....	2003

The 2002 appropriation includes \$192,000 for 2001 and ~~\$2,112,000~~ \$1,955,000 for 2002.

The 2003 appropriation includes ~~\$235,000~~ \$217,000 for 2002 and ~~\$2,173,000~~ \$2,004,000 for 2003.

Sec. 15. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 2, as amended by Laws 2002, chapter 220, article 4, section 13, is amended to read:

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

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

\$507,841,000	\$507,928,000	.....	2002
<u>\$532,282,000</u>	<u>\$495,032,000</u>	.....	2003

The 2002 appropriation includes \$47,400,000 for 2001 and \$460,441,000 \$460,528,000 for 2002.

The 2003 appropriation includes ~~\$51,160,000~~ \$51,170,000 for 2002 and \$481,122,000 \$443,862,000 for 2003.

Sec. 16. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 3, as amended by Laws 2002, chapter 220, article 4, section 14, 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:

\$1,358,000	\$1,346,000	.....	2002
<u>\$3,161,000</u>	<u>\$2,363,000</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.

Sec. 17. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 4, as amended by Laws 2002, chapter 220, article 4, section 15, 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:

\$143,000	\$139,000	.....	2002
<u>\$148,000</u>	<u>\$134,000</u>	.....	2003

The 2002 appropriation includes ~~\$14,000~~ \$13,000 for 2001 and ~~\$129,000~~ \$126,000 for 2002.

The 2003 appropriation includes ~~\$15,000~~ \$14,000 for 2002 and ~~\$133,000~~ \$120,000 for 2003.

Sec. 18. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 5, as amended by Laws 2002, chapter 220, article 4, section 16, is amended to read:

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

\$103,061,000	\$92,622,000	.....	2002
<u>\$105,289,000</u>	<u>\$60,372,000</u>	.....	2003

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

The 2002 appropriation includes \$9,889,000 for 2001 and ~~\$93,172,000~~ \$82,733,000 for 2002.

The 2003 appropriation includes ~~\$10,352,000~~ \$9,192,000 for 2002 and ~~\$94,937,000~~ \$51,180,000 for 2003.

Sec. 19. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 7, as amended by Laws 2002, chapter 220, article 4, section 17, 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:

\$8,960,000	<u>\$8,962,000</u>	.....	2002
\$8,952,000	<u>\$8,328,000</u>	.....	2003

The 2002 appropriation includes \$896,000 for 2001 and ~~\$8,064,000~~ \$8,066,000 for 2002.

The 2003 appropriation includes \$896,000 for 2002 and ~~\$8,056,000~~ \$7,432,000 for 2003.

Sec. 20. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 2, as amended by Laws 2002, chapter 220, article 4, section 18, is amended to read:

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

\$13,630,000	<u>\$12,280,000</u>	.....	2002
\$10,800,000	<u>\$ 9,085,000</u>	.....	2003

The 2002 appropriation includes \$1,480,000 for 2001 and ~~\$12,150,000~~ \$10,800,000 for 2002.

The 2003 appropriation includes ~~\$1,350,000~~ \$1,200,000 for 2002 and ~~\$9,450,000~~ \$7,885,000 for 2003.

Sec. 21. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 3, as amended by Laws 2002, chapter 220, article 4, section 19, is amended to read:

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

\$25,987,000	.....	2002
\$31,892,000	<u>\$29,941,000</u>	..... 2003

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

The 2003 appropriation includes \$2,566,000 for 2002 and ~~\$29,326,000~~ \$27,375,000 for 2003.

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

Sec. 22. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 5, as amended by Laws 2002, chapter 220, article 4, section 20, is amended to read:

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

\$19,280,000	.....	2002	
<u>\$19,287,000</u>	<u>\$17,937,000</u>	.....	2003

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

The 2003 appropriation includes \$1,928,000 for 2002 and \$17,359,000 \$16,009,000 for 2003.

Sec. 23. Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 3, is amended to read:

Subd. 3. **SCHOOL BREAKFAST.** For school breakfast aid under Minnesota Statutes, section 124D.115:

\$640,000	.....	2002	
<u>\$700,000</u>	<u>\$680,000</u>	.....	2003

Sec. 24. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 4

K-12 EDUCATION

Section 1. Minnesota Statutes 2000, section 124D.69, is amended by adding a subdivision to read:

Subd. 3. **UNCOMMON SCHOOLS SERVING STUDENTS WITH CHEMICAL DEPENDENCIES; ALLOCATION OF FUNDS.** In addition to the amounts provided in section 124D.68, subdivision 9, a school district may allocate funds from its undesignated general fund to a private contracted alternative program, including a private contracted alternative program that is tuition free and provides a comprehensive secondary academic program for students who have been assessed chemically dependent and who have completed a licensed treatment program for chemical dependency.

Sec. 2. Minnesota Statutes 2000, section 125A.65, subdivision 1, is amended to read:

Subdivision 1. **RESPONSIBILITY ALLOCATED.** Responsibility for special instruction and services for a ~~visually disabled blind/visually impaired~~ or ~~hearing impaired~~ deaf/hard of hearing child attending the Minnesota state academy for the deaf

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

or the Minnesota state academy for the blind must be determined in subdivisions 2 to 10.

Sec. 3. Minnesota Statutes 2000, section 125A.65, subdivision 3, is amended to read:

Subd. 3. **EDUCATIONAL PROGRAM; TUITION.** When it is determined pursuant to section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school, the board of the Minnesota state academies must provide the appropriate educational program for the child. The board of the Minnesota state academies must make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged must not exceed the basic revenue of the district general education revenue formula allowance times the pupil unit weighting factor pursuant to section 126C.05 for that child, for the amount of time the child is in the program. ~~For purposes of this subdivision, "basic revenue" has the meaning given it in section 126C.10, subdivision 2.~~ The district of the child's residence must pay the tuition and may claim general education aid for the child. Tuition received by the board of the Minnesota state academies, except for tuition received under subdivision 4, must be deposited in the state treasury as provided in subdivision 8.

Sec. 4. Minnesota Statutes 2000, section 125A.65, subdivision 8, is amended to read:

Subd. 8. **STUDENT COUNT; TUITION.** (a) On May 1 of each year, 1996, and each year thereafter, the board of the Minnesota state academies shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary special education eligible students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The board of the Minnesota state academies shall deposit in the state treasury an amount equal to all tuition received less: the amount calculated in paragraph (b).

(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(b) The Minnesota state academies shall credit to their general operation account an amount equal to the tuition received which represents tuition earned for the total number of students over 175 based on:

(1) the total number of enrolled students on May 1 less 175; times

(2) the ratio of the number of students in that grade category to the total number of students on May 1; times

(3) the general education revenue formula allowance; times

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

(4) the pupil unit weighting factor pursuant to section 126C.05.

Sec. 5. Minnesota Statutes 2000, section 125A.65, subdivision 9, is amended to read:

Subd. 9. **CALCULATION.** The sum provided by the calculation in subdivision 8, ~~clauses (1) and (2),~~ must be deposited in the state treasury and credited to the general operation account of the ~~academy for the deaf and the academy for the blind~~ Minnesota state academy for the deaf and the Minnesota state academy for the blind.

Sec. 6. Minnesota Statutes 2001 Supplement, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **TOTAL OPERATING CAPITAL REVENUE.** (a) For fiscal year 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus \$73 times the adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to paragraph (d) or subdivision 14.

(b) For fiscal years 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its adjusted marginal cost pupil units for the school year.

(c) For fiscal years 2000 and later, the revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

(d) For fiscal years 2001 and, 2002, and 2003, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data and video connections, including Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.

Sec. 7. Minnesota Statutes 2001 Supplement, section 126C.17, subdivision 7, is amended to read:

Subd. 7. **REFERENDUM EQUALIZATION AID.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first or second tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue, must not exceed 18.2 percent of the formula allowance times the district's resident marginal cost pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

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

EFFECTIVE DATE. This section is effective for operating referendum elections January 1, 2002, and later.

Sec. 8. Laws 2001, First Special Session chapter 6, article 7, section 14, as amended by Laws 2002, chapter 220, article 3, section 16, 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:

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

Sec. 9. REFERENDUM TRANSFER ADJUSTMENT.

Notwithstanding Minnesota Statutes, section 126C.17, subdivision 1, paragraph (b), for fiscal year 2003 and later, the initial referendum allowance for independent school district No. 709, Duluth, equals the sum of the allowance under Minnesota Statutes, section 126C.16, subdivision 2, plus the referendum conversion allowance approved under Minnesota Statutes, section 126C.17, subdivision 13, minus \$373. If the district has more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first to the referendum authority with the earliest expiration date. The district's initial referendum allowance may not be less than zero.

Sec. 10. DECLINING PUPIL UNIT AID; ALBERT LEA.

Subdivision 1. FISCAL YEAR 2003. For fiscal year 2003, independent school district No. 241, Albert Lea, is eligible for declining enrollment aid equal to \$300,000.

Subd. 2. FISCAL YEAR 2004. For fiscal year 2004, independent school district No. 241, Albert Lea, is eligible for declining enrollment aid equal to 75 percent of the fiscal year 2003 appropriation in subdivision 1.

Subd. 3. FISCAL YEAR 2005. For fiscal year 2005, independent school district No. 241, Albert Lea, is eligible for declining enrollment aid equal to 50 percent of the fiscal year 2003 appropriation in subdivision 1.

Subd. 4. FISCAL YEAR 2006. For fiscal year 2006, independent school district No. 241, Albert Lea, is eligible for declining enrollment aid equal to 25 percent of the fiscal year 2003 appropriation in subdivision 1.

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

Sec. 11. DECLINING ENROLLMENT; LTV DISLOCATION.

Subdivision 1. FISCAL YEAR 2003. For fiscal year 2003, independent school district No. 2711, Mesabi East, is eligible for declining enrollment aid equal to \$200,000.

Subd. 2. FISCAL YEAR 2004. For fiscal year 2004, independent school district No. 2711, Mesabi East, is eligible for declining enrollment aid equal to 75 percent of the amount that the district received in the fiscal year 2003 appropriation in subdivision 1.

Subd. 3. FISCAL YEAR 2005. For fiscal year 2005, independent school district No. 2711, Mesabi East, is eligible for declining enrollment aid equal to 50 percent of the amount that the district received in the fiscal year 2003 appropriation in subdivision 1.

Subd. 4. FISCAL YEAR 2006. For fiscal year 2006, independent school district No. 2711, Mesabi East, is eligible for declining enrollment aid equal to 25 percent of the amount that the district received in the fiscal year 2003 appropriation in subdivision 1.

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

Sec. 12. FUND TRANSFER; BUTTERFIELD.

Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2002, independent school district No. 836, Butterfield, may permanently transfer up to \$117,000 from its reserves for operating capital account in its general fund to the undesignated fund balance.

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

Sec. 13. FUND TRANSFER; TRUMAN.

Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2002, independent school district No. 458, Truman, may permanently transfer up to \$500,000 from its reserves for operating capital account in its general fund to the undesignated fund balance.

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

Sec. 14. APPROPRIATION.

(a) \$300,000 in fiscal year 2003 is appropriated from the general fund to the commissioner of children, families, and learning for declining pupil unit aid to independent school district No. 241, Albert Lea.

(b) In addition to the amounts appropriated for general and supplemental education aid, \$295,000 in fiscal year 2003 is appropriated from the general fund to the commissioner of children, families, and learning for the aid portion of the referendum transfer adjustment for independent school district No. 709, Duluth.

(c) \$200,000 in fiscal year 2003 is appropriated from the general fund to the commissioner of children, families, and learning for declining pupil unit aid to independent school district No. 2711, Mesabi East.

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

Sec. 15. EFFECTIVE DATE.

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

ARTICLE 5**HIGHER EDUCATION**

Section 1. Minnesota Statutes 2000, section 136A.121, subdivision 7, is amended to read:

Subd. 7. **INSUFFICIENT APPROPRIATION.** If the amount appropriated is determined by the office to be insufficient to make full awards to applicants under subdivision 5, before any award for that year has been disbursed, awards must be reduced by

(1) adding a surcharge to the contribution of the applicant's parents, and assigned family responsibility, as defined in section 136A.101, subdivision 5a; and

(2) a percentage increase in the applicant's contribution assigned student responsibility, as defined in subdivision 5.

Sec. 2. STATE GRANT APPROPRIATION.

\$5,000,000 is appropriated from the general fund to the higher education services office to make state grants. This appropriation is added to the appropriation in Laws 2001, First Special Session chapter 1, article 1, section 2, subdivision 2, for fiscal year 2002.

The higher education services office, by July 1, 2002, must make a determination of the projected sufficiency or deficiency in state money available for the state grant program to make full state grant awards through fiscal year 2003. If it is determined that a deficiency is projected, then, notwithstanding Minnesota Statutes, section 136A.121, subdivision 7, the higher education services office shall immediately transfer to the state grant appropriation from the work study appropriation and notwithstanding Minnesota Statutes, section 136A.125, subdivision 4c, from the child care grant appropriation in Laws 2001, First Special Session chapter 1, article 1, section 2, the amount necessary to make full state grant awards in fiscal year 2003. If state money available for the state grant program continues to be insufficient to make full state grant awards after the initial transfers, subsequent transfers must be made before any reduction in state grant awards under Minnesota Statutes, section 136A.121, subdivision 7, is made.

Sec. 3. EFFECTIVE DATE.

This article is effective the day following final enactment.

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

ARTICLE 6

ENVIRONMENT AND NATURAL RESOURCES

Section 1. **SCORE BLOCK GRANT APPROPRIATION SHIFT.**

\$9,000,000 of the appropriation in Laws 2001, First Special Session chapter 2, section 3, from the general fund to the office of environmental assistance for SCORE block grants to counties in fiscal year 2003 is canceled. This is a onetime reduction and the same amount must be restored to the general fund budget base for fiscal year 2004.

\$9,000,000 is appropriated from the solid waste fund to the office of environmental assistance for SCORE block grants to counties in fiscal year 2003. This is a onetime appropriation.

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

Sec. 2. Minnesota Statutes 2000, section 115A.557, subdivision 1, is amended to read:

Subdivision 1. **DISTRIBUTION; FORMULA.** Any funds appropriated to the director for the purpose of distribution to counties under this section must be distributed each fiscal year by the director based on population, except a county may not receive less than \$55,000 in a fiscal year. If the amount available for distribution under this section is less than the amount available in fiscal year 2001, the minimum county payment under this section is reduced proportionately. For purposes of this subdivision, "population" has the definition given in section 477A.011, subdivision 3. A county that participates in a multicounty district that manages solid waste and that has responsibility for recycling programs as authorized in section 115A.552, must pass through to the districts funds received by the county in excess of the \$55,000 annual base minimum county payment under this section in proportion to the population of the county served by that district.

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

Sec. 3. Minnesota Statutes 2000, section 115A.96, subdivision 2, is amended to read:

Subd. 2. **MANAGEMENT PROGRAM.** The agency office shall establish a statewide program to manage household hazardous wastes. The program must include:

- (1) the establishment and operation of collection sites; and
- (2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

EFFECTIVE DATE. This section is effective July 1, 2003.

Sec. 4. Minnesota Statutes 2000, section 115A.96, subdivision 3, is amended to read:

Subd. 3. **OTHER PARTICIPANTS.** (a) The agency office may establish or operate all or part of the management program or may provide for services by contract

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

or other agreement with public or private entities.

(b) The agency office shall allow these programs to accept up to 100 pounds of waste per year from a hazardous waste generator that generates 220 pounds or less of hazardous waste per month.

EFFECTIVE DATE. This section is effective July 1, 2003.

Sec. 5. Minnesota Statutes 2000, section 115A.96, subdivision 4, is amended to read:

Subd. 4. **MANAGEMENT.** Any person who establishes or operates all or part of a household hazardous waste management program shall manage collected waste in compliance with standards applicable to a hazardous waste generator. If collected waste must be stored for a time exceeding those standards, the agency office or other entity shall obtain the approval of the commissioner of the agency and shall manage the waste in compliance with applicable standards for the use and management of containers, but no facility permit is required. Waste accepted under subdivision 3, paragraph (b), must be managed in accordance with standards applicable to the waste.

EFFECTIVE DATE. This section is effective July 1, 2003.

Sec. 6. Minnesota Statutes 2000, section 115A.96, subdivision 5, is amended to read:

Subd. 5. **OTHER PROGRAMS.** A person must notify the commissioner of the agency and director of the office before establishing and operating any part of a household hazardous waste management program.

EFFECTIVE DATE. This section is effective July 1, 2003.

Sec. 7. Minnesota Statutes 2000, section 115A.96, subdivision 7, as added by Laws 2002, chapter 265, section 2, is amended to read:

Subd. 7. **INDEMNIFICATION; MUNICIPALITIES.** (a) A municipality, when operating or participating in a household hazardous waste management program pursuant to a contract with the agency office under this section or other law, is an employee of the state, certified to be acting within the scope of employment, for purposes of the indemnification provisions of section 3.736, subdivision 9, for claims that arise out of the transportation, management, or disposal of any waste covered by the contract:

(1) from and after the time the waste permanently leaves the municipality's possession and comes into the possession of the agency's office's authorized transporter; and

(2) during the time the waste is transported between the municipality's facilities by the agency's office's authorized transporter.

(b) The state is not obligated to defend or indemnify a municipality under this subdivision to the extent of the municipality's liability insurance. The municipality's right to indemnity is not a waiver of the limitations, defenses, and immunities available

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

to either the municipality or the state by law.

EFFECTIVE DATE. This section is effective July 1, 2003.

Sec. 8. Laws 2002, chapter 220, article 8, section 15, is amended to read:

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:

Design Flow in Million Gallons Per Day	Annual Fee
50 and over	\$175,750 <u>\$175,500</u>
20 to 49.99	\$40,350
5 to 19.99	\$14,350
Up to 4.99	\$5,900

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

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

(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

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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.

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

Sec. 9. HOUSEHOLD HAZARDOUS WASTE PROGRAM TRANSFER.

Responsibility for the household hazardous waste program is transferred under Minnesota Statutes, section 15.039, from the pollution control agency to the office of environmental assistance on July 1, 2003. The amount of base funding to be transferred is \$1,041,000 from the solid waste fund.

Sec. 10. DIRECTOR OF THE OFFICE OF ENVIRONMENTAL ASSISTANCE; APPOINTING AUTHORITY.

The governor is encouraged to evaluate the advantages and disadvantages associated with making the governor the appointing authority for the director of environmental assistance, instead of the commissioner of the pollution control agency as required by Minnesota Statutes, section 115A.055, subdivision 1.

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

ARTICLE 7

STATE GOVERNMENT

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.

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

SUMMARY BY FUND

	2002	2003	TOTAL
APPROPRIATIONS			
General	\$ (2,995,000)	\$ (1,620,000)	\$ (4,615,000)
TRANSFERS IN	(2,000,000)	-0-	(2,000,000)

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

Sec. 2. LEGISLATURE

Subdivision 1. Total
Appropriation

(3,000,000) (2,000,000)

Subd. 2. Senate

(1,000,000) (1,000,000)

Subd. 3. House of Representatives

(2,000,000) (1,000,000)

\$1,000,000 of the reduction in the first year is from amounts previously carried forward under Minnesota Statutes, section 16A.281.

Sec. 3. GOVERNOR

-0- 375,000

\$200,000 is to the office of the governor to reopen the governor's residence and make it available for public use.

\$175,000 is to the commissioner of public safety to provide security at the governor's residence.

Sec. 4. ADMINISTRATION

\$2,000,000 of the balance in the State Building Code account in the state government special revenue fund as of June 30, 2002, is canceled and must be transferred to the general fund.

Sec. 5. UNIFORM LAWS COMMISSION

5,000 5,000

These appropriations are added to the appropriations in Laws 2001, First Special Session chapter 8, article 4, section 8.

Sec. 6. Minnesota Statutes 2000, section 16A.28, subdivision 6, is amended to read:

Subd. 6. CANCELLED OCTOBER 15. On October 15 all allotments and encumbrances for the last fiscal year shall be canceled unless an agency head certifies to the commissioner that there is an encumbrance for services rendered or goods ordered, or grants issued in the last fiscal year, or certifies that funding will be carried forward under subdivision 1. Encumbrances for grants issued by June 30 may be certified for a period of one year beyond the year in which the funds were originally appropriated. Services rendered under grant contracts may occur during the certification period. The commissioner may reinstate the part of the cancellation needed to meet the certified encumbrance or charge the certified encumbrance against the current year's appropriation.

Sec. 7. Minnesota Statutes 2000, section 16B.27, is amended by adding a subdivision to read:

Subd. 6. USE BY NONSTATE ENTITIES. A nonstate entity using the governor's residence must pay the state for all direct and indirect costs associated with use of the facility.

Sec. 8. Laws 1997, chapter 202, article 2, section 61, as amended by Laws 1999, chapter 250, article 1, section 106, and Laws 2001, First Special Session chapter 10, article 2, section 85, is amended to read:

Sec. 61. VOLUNTARY UNPAID LEAVE OF ABSENCE.

Appointing authorities in state government may allow each employee to take an unpaid leave of absence for up to 320 hours during the period ending June 30, 2003, and an additional 160 hours during the period beginning July 1, 2003, and ending June 30, 2005. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 9. Laws 2002, chapter 220, article 10, section 4, is amended to read:

Sec. 4. GOVERNOR'S OFFICE (460,000) (702,000)

No funding may be used for the operation of the Washington, D.C., office of the state of Minnesota.

Sec. 10. Laws 2002, chapter 220, article 10, section 36, is amended to read:

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~~ \$28,300,000. The governor must allocate this reduction among executive branch state agencies. If the governor determines that the mandated contract savings cannot be achieved, the governor must make proportional reductions to executive agency operating budgets in order to achieve the savings. For purposes of this section and section 37, "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 but does not include the Minnesota state colleges and universities or the higher education services office.~~ 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. 11. Laws 2002, chapter 220, article 10, section 37, as amended by Laws 2002, chapter 364, section 30, is amended to read:

Sec. 37. MORATORIUM ON CONSULTANT CONTRACTS.

(a) An entity in the executive branch of state government, ~~including other than the Minnesota state colleges and universities or the higher education services office,~~ 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 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;

(2) that is paid for entirely with federal funds received before the effective date of this section or the cost of which is entirely recovered from nonstate entities;

(3) that is paid entirely with funds from the state airports fund, trunk highway fund, county state-aid highway fund, or municipal state-aid street fund; ~~or~~

(4) for a trunk highway project of a type described in Laws 2000, chapter 479, article 1, section 2, subdivision 3, paragraph (a), clauses (1) to (3); or

(5) that is necessary to avoid a disruption of essential state functions, will reduce state costs, or is necessary to avoid a legal liability.

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

(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~~ governor. Upon a finding that a consultant contract is necessary, the ~~commissioner~~ governor may grant a waiver. ~~The decision of the commissioner is final and not subject to appeal.~~ A monthly report of all ~~exceptions granted under paragraph (a) and all waivers granted must be filed by the entity granting the waiver.~~ The report must be published on the ~~entity's~~ state 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. 12. Laws 2002, chapter 220, article 10, section 38, subdivision 2, is amended to read:

Subd. 2. **EXCEPTIONS.** Subdivision 1 does not apply to:

(1) an employee at a state correctional facility;

(2) an employee of the department of corrections who provides direct services to offenders;

(3) an employee of state-operated services under the department of human services;

(4) a student in a work-study position worker; or

(2) (5) a position that is necessary to perform essential government services; or

(6) an employee who is paid entirely with federal funds or a special revenue fund, or whose costs are entirely recovered from nonstate entities, or a combination of them.

A determination under clause (2) (5) 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) (5) 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.

Sec. 13. Laws 2002, chapter 220, article 10, section 38, subdivision 3, is amended to read:

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 \$29,736,000 by June 30, 2003. If the governor determines that application of this section will not result in \$40,000,000 \$29,736,000 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. If the governor makes proportional reductions to

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

executive agency operating budgets to achieve the required savings, the governor shall exclude from the reductions:

(1) the department of corrections with respect to employees at state correctional institutions or who provide direct services to offenders; and

(2) the department of human services with respect to state-operated services.

Sec. 14. Laws 2002, chapter 220, article 10, section 39, is amended to read:

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~~ act.

Sec. 15. **NONPROFIT GRANT AND CONTRACT DECISIONS.**

Subdivision 1. **FISCAL YEAR 2002 PROCESSING.** (a) This subdivision applies when:

(1) a state agency has delayed its final decision on whether to enter into a grant or contract with a nonprofit corporation to spend money appropriated for the fiscal year ending June 30, 2002, pending elimination of the state budget deficit; and

(2) the nonprofit corporation has provided services based on an appropriation that names the nonprofit corporation or based on a grant award letter from a state agency to the nonprofit corporation.

(b) In a circumstance described in paragraph (a), within 15 business days after final enactment of this act the state agency must:

(1) process the grant or contract with the nonprofit corporation; and

(2) issue payment to the nonprofit corporation for services already provided.

Subd. 2. **FISCAL YEAR 2002 RETROACTIVITY.** A contract encumbered or a grant awarded by a state agency to a nonprofit corporation for services rendered in the fiscal year ending June 30, 2002, is retroactive to the date that services were first provided under the contract or grant.

Subd. 3. **FISCAL YEAR 2003.** A contract encumbered or a grant awarded by a state agency to a nonprofit corporation for services rendered in the fiscal year ending June 30, 2003, is retroactive to the date that services were first provided under the contract or grant.

Sec. 16. **VOTING EQUIPMENT GRANTS.**

Within 30 days after the effective date of this section, the commissioner of administration must make voting equipment grants authorized by Minnesota Statutes 2001 Supplement, section 204B.48, to the full extent of appropriations available for these grants under Laws 2001, First Special Session chapter 10, article 1, section 12, subdivision 7, as amended by Laws 2002, chapter 220, article 10, section 10, subdivision 8.

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

Sec. 17. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 8**CANCELLATIONS; CASH FLOW; TRANSFERS IN**

Section 1. Minnesota Statutes 2001 Supplement, section 62J.694, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** (a) The medical education 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 be sufficient to meet the need for expenditures from the general fund for a fiscal biennium, after using the cash reserves of the tobacco use prevention and local public health endowment fund, excluding an amount sufficient to meet the annual appropriations in section 144.395, subdivision 2, the commissioner may use cash reserves of the medical education endowment fund, excluding the amounts needed to meet the appropriations described in subdivisions 2 and 2a, to pay expenses of the general fund. If cash reserves are transferred to the general fund to meet cash flow needs, the amount transferred, plus interest at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner, 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. An amount necessary to pay the interest is appropriated from the general fund. If cash reserves of the endowment fund are used to pay expenses for the general fund, notwithstanding subdivision 2, paragraph (d), the academic health center shall be held harmless to the extent possible. When determining the fair market value of the fund, for the purposes described in subdivisions 2 and 2a, the value of the cash reserves transferred to the general fund must be included in the determination.

(c) The academic health center account is created as a separate account in the medical education endowment fund. The account is invested under paragraph (a). All earnings of the account must be credited to the account. The principal of the account must be maintained inviolate, except that the principal may be used to make

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expenditures from the account for the purposes specified in subdivision 2a when the value of the account falls below an amount equal to deposits made to the account under section 16A.87, subdivision 3, paragraph (b).

Sec. 2. Minnesota Statutes 2000, section 79.251, subdivision 1, is amended to read:

Subdivision 1. **ASSIGNED RISK PLAN REVIEW BOARD.** (a) (1) An assigned risk plan review board is created for the purposes of review of the operation of section 79.252 and this section. The board shall have all the usual powers and authorities necessary for the discharge of its duties under this section and may contract with individuals in discharge of those duties.

(2) The board shall consist of six members to be appointed by the commissioner of commerce. Three members shall be insureds holding policies or contracts of coverage issued pursuant to subdivision 4. Two members shall be insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b). The commissioner shall be the sixth member and shall vote.

Initial appointments shall be made by September 1, 1981, and terms shall be for three years duration. Removal, the filling of vacancies and compensation of the members other than the commissioner shall be as provided in section 15.059.

(3) The assigned risk plan review board shall audit the reserves established (a) for individual cases arising under policies and contracts of coverage issued under subdivision 4 and (b) for the total book of business issued under subdivision 4. If the board determines on the basis of an audit that there is an excess surplus in the assigned risk plan, it must notify the commissioner of finance who shall transfer assets of the plan equal to the excess surplus to the budget reserve account in the general fund.

(4) The assigned risk plan review board shall monitor the operations of section 79.252 and this section and shall periodically make recommendations to the commissioner, and to the governor and legislature when appropriate, for improvement in the operation of those sections.

(5) All insurers and self-insurance administrators issuing policies or contracts under subdivision 4 shall pay to the commissioner a .25 percent assessment on premiums for policies and contracts of coverage issued under subdivision 4 for the purpose of defraying the costs of the assigned risk plan review board. Proceeds of the assessment shall be deposited in the state treasury and credited to the general fund.

(6) The assigned risk plan and the assigned risk plan review board shall not be deemed a state agency.

(b) As used in this subdivision, "excess surplus" means the amount of assigned risk plan assets in excess of the amount needed to pay all current liabilities of the plan, including, but not limited to:

- (1) administrative expenses;
- (2) benefit claims; and

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

(3) if the assigned risk plan is dissolved under subdivision 8, the amounts that would be due insurers who have paid assessments to the plan.

Sec. 3. Minnesota Statutes 2000, section 144.395, subdivision 1, as amended by Laws 2002, chapter 220, article 13, section 6, 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, excluding an amount sufficient to meet the annual appropriations in subdivision 2, 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 amount transferred, plus interest at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner, 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. An amount necessary to pay the interest is appropriated from the general fund. If cash reserves of the endowment fund are used to pay expenses for the general fund, the recipients of the grants shall be held harmless to the extent possible in the following order: (1) local public health; (2) local tobacco prevention; and (3) statewide tobacco prevention. When determining the fair market value of the fund, for the purposes described in subdivision 2, the value of the cash reserves transferred to the general fund must be included in the determination.~~

Sec. 4. Laws 2002, chapter 220, article 13, section 7, is amended to read:

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;

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

(3) the tax relief account, Minnesota Statutes, section 16A.1522, subdivision 4, estimated to be \$158,148,000, in fiscal year ~~2004~~ 2003; and

(4) ~~\$195,000,000~~ \$350,000,000 of the unobligated balance in the cash flow account in Minnesota Statutes, section 16A.152, subdivision 1.

Sec. 5. Laws 2002, chapter 220, article 13, section 9, subdivision 1, is amended to read:

Subdivision 1. **ASSIGNED RISK PLAN.** By June 30, 2002, the commissioner of finance shall transfer ~~\$120,000,000~~ \$134,000,000 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.

Sec. 6. Laws 2002, chapter 220, article 13, section 9, subdivision 2, is amended to read:

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~~ \$250,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

Sec. 7. BALANCES DEPOSITED IN BUDGET RESERVE.

Notwithstanding Minnesota Statutes, section 16A.1522, any positive unrestricted general fund balance on June 30, 2003, must be allocated to the budget reserve account in the general fund.

Sec. 8. EFFECTIVE DATE.

This article is effective the day following final enactment, except that section 2 is effective January 1, 2003, and sections 1 and 3 are effective July 1, 2003.

ARTICLE 9

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, and Laws 2002, chapter 220, 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	\$47,032,000	\$26,019,000	\$73,051,000
Nonforecast	1,660,000	(26,554,000)	(24,894,000)
Health Care Access	(2,605,000)	(4,318,000)	(6,923,000)
Federal TANF	(7,383,000)	8,896,000	1,513,000
State Government Special Revenue	-0-	4,000	4,000

APPROPRIATIONS

Available for the Year

Ending June 30

2002

2003

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation

\$ 38,704,000	\$ 3,143,000
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Summary by Fund

General	48,692,000	(1,435,000)
Health Care Access	(2,605,000)	(4,318,000)
Federal TANF	(7,383,000)	8,896,000
Subd. 2. Children's Grants		
General	-0-	(4,748,000)

FAMILY PRESERVATION AND CHILDREN'S MENTAL HEALTH GRANTS.

This appropriation includes a reduction of \$6,548,000 in family preservation and children's mental health grants due to changes in allocations and an increase of \$1,800,000 in local collaboratives wrap-around services coordination grants. The increased appropriation for coordination grants shall become part of base level funding for the biennium beginning July 1,

2003.

Subd. 3. Basic Health Care Grants

General	10,999,000	6,126,000
Health Care Access	(2,605,000)	(4,318,000)

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MinnesotaCare Grants

Health Care Access	(2,605,000)	(4,318,000)
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MINNESOTACARE ELIGIBILITY DETERMINATION CARRYOVER.

The appropriation for the biennium beginning July 1, 2001, in Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 7, paragraph (b), for activities related to processing MinnesotaCare applications and determining applicant eligibility shall not cancel but shall be available until June 30, 2005.

(b) MA Basic Health Care Grants - Families and Children

General	7,437,000	(5,285,000)
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(c) MA Basic Health Care Grants - Elderly and Disabled

General	(779,000)	7,476,000
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(d) General Assistance Medical Care Grants

General	2,681,000	5,080,000
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(e) Health Care Grants - Other Assistance

General	1,660,000	(1,145,000)
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U SPECIAL KIDS PROGRAM. Of this appropriation, \$350,000 in fiscal year 2002 is immediately available to the commissioner to be transferred immediately to the University of Minnesota for the U Special Kids program. The money may be used to match private grants. The money shall be used to provide physician-supervised medi-

cal case management services for up to 50 Minnesota children in the program who are eligible for medical assistance. Any unspent portion of this appropriation shall not cancel but shall be available for these purposes until June 30, 2005. This is a onetime appropriation and shall not become part of base level funding for the 2004-2005 biennium.

HIV/AIDS DRUG REBATES. For the fiscal year ending June 30, 2003, \$1,150,000 of the general fund appropriations for HIV/AIDS grants and services that are no longer needed as a result of greater than anticipated collections under the AIDS drug assistance program rebate must be used to meet funding needs of the state prescription drug program.

ADAP FUNDING. For the fiscal year ending June 30, 2003, \$1,150,000 from the AIDS drug assistance program (ADAP) rebate program shall be used to meet the needs of the HIV/AIDS grants and services program.

Subd. 4. State-Operated Services

General	-0-	4,000,000
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STATE-OPERATED SERVICES DEDICATED REVENUE ACCOUNTS. The commissioner of human services shall provide the chairs of the house and senate health and human services finance committees copies of all dedicated revenue account quarterly and annual financial statements that are reviewed by the state-operated services governing board. The annual financial statement must include a summary of revenues, expenditures, obligations, and cash balances. The description of cash balances must specifically identify cash balances included in funded depreciation accounts and in cash flow reserves for

120 days of operating expense. The annual financial statement must clearly delineate any amount of cash reserve that is in excess of requirements for funded depreciation and 120 days of operating expense. Quarterly financial statements must be available to the chairs within 30 days of the closing date for that quarter. The annual financial statement must be available by August 15 of each year.

ONETIME APPROPRIATION. Of the appropriation for fiscal year 2003, \$4,000,000 is from the general fund to the commissioner of human services for state-operated services. This is a onetime appropriation and shall not become part of base level funding.

STATE-OPERATED SERVICES STUDY. The commissioner of human services, in consultation with community representatives, shall evaluate strategies to consolidate the delivery of state-operated services. Strategies shall be considered in the context of other community-based services options. By January 15, 2003, the commissioner shall provide recommendations to the 2003 legislature that result from this evaluation.

ONETIME REDUCTION TO SHARED SERVICES DEDICATED REVENUES. For fiscal year 2003 only, \$564,000 of fund balances within the accounts established under Minnesota Statutes, section 246.57, subdivision 1, shall be transferred to the general fund.

Subd. 5. Continuing Care Grants

FUNDING USAGE. Up to 75 percent of the fiscal year 2004 appropriations for family preservation grants, developmental disability semi-independent living services, developmental disability family support,

adult mental health grants, and children's mental health grants may be used to fund calendar year 2003 allocations for these programs, with the resulting calendar year funding pattern continuing into the future. Appropriation reductions associated with this shift are one time only.

General	27,896,000	(4,863,000)
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Medical Assistance Long-Term Care Waivers and Home Care Grants

General	26,054,000	26,552,000
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(b) Medical Assistance Long-Term Care Facilities Grants

General	1,815,000	(736,000)
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(c) Group Residential Housing Grants

General	27,000	689,000
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(d) Chemical Dependency Entitlement Grants

General	-0-	(1,000,000)
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ADDITIONAL CONSOLIDATED CHEMICAL DEPENDENCY TREATMENT FUND RESERVE TRANSFER.

In addition to the amount transferred in Laws 2002, chapter 220, article 17, section 2, subdivision 6, paragraph (e), an additional \$7,000,000 of funds available in the consolidated chemical dependency treatment fund general reserve account is transferred to the general fund in fiscal year 2003.

(e) Community Social Service Grants

General	-0-	(13,730,000)
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(f) Mental Health Grants

General	-0-	(13,635,000)
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This reduction is one time only.

(g) Community Support Grants

General	-0-	(3,003,000)
Subd. 6. Economic Support Grants		
General	9,797,000	(1,950,000)
Federal TANF	(7,383,000)	8,896,000

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Assistance to Families Grants

General	8,712,000	(3,740,000)
Federal TANF	(7,383,000)	8,803,000

AUTHORITY TO CARRYFORWARD AUTHORIZED TRANSFER.

The \$11,000,000 in TANF funds authorized for transfer to title XX of the federal Social Security Act grants in fiscal year 2003 by Laws 1999, chapter 245, article 1, section 2, subdivision 11, are available for expenditure in fiscal year 2004.

(b) General Assistance Grants

General	1,361,000	1,779,000
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(c) Economic Support - Other Assistance

Federal TANF	-0-	93,000
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TANF TRANSFER TO THE DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.

Of the TANF appropriation, \$93,000 in fiscal year 2003 is appropriated to the commissioner of children, families, and learning for the purposes of Minnesota Statutes, section 119B.05. The commissioner of human services shall authorize a sufficient transfer of funds from the state's federal TANF block grant to the state's federal child care development fund block grant to meet this appropriation.

(d) Minnesota Supplemental Aid Grants

General	(276,000)	11,000	
Sec. 3. COMMISSIONER OF HEALTH			
Subdivision 1. Total Appropriation		-0-	4,000
Summary by Fund			
State Government Special Revenue	-0-	4,000	
Subd. 2. Family and Provider Compliance			
State Government Special Revenue	-0-	4,000	

REGISTRATION COSTS. This appropriation in fiscal year 2003 is to the commissioner for the costs of registering establishments under Minnesota Statutes, section 144D.025.

Sec. 4. VETERANS NURSING HOMES BOARD

Summary by Fund			
General	-0-	900,000	

DEFICIENCY APPROPRIATION. The appropriation to the veterans nursing homes board for fiscal year 2003 is for a deficiency in board operations. This is a onetime appropriation and shall not become part of base level funding for the 2004-2005 biennium.

Sec. 5. VETERANS NURSING HOMES BOARD FUNDING.

(a) Notwithstanding Minnesota Statutes, section 16B.31, subdivision 7, on July 1, 2002, the commissioner of administration shall transfer to the veterans nursing homes board any remaining portion of the payments received from contractors for the mold damage at the Luverne facility.

(b) Notwithstanding the provisions of Minnesota Statutes, section 16A.151, any payments made during fiscal year 2003 from contractors to settle legal issues regarding the mold damage at the Luverne facility are appropriated to the veterans nursing homes board.

(c) Total appropriations to the veterans nursing homes board under this section shall not exceed \$500,000.

Sec. 6. EXEMPTIONS FROM REDUCTION IN CONTRACT EXPENDITURES AND FROM HIRING FREEZE.

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

For fiscal year 2003, the department of human services is exempt from the hiring freeze established in Laws 2002, chapter 220, article 10, section 38, as amended by article 7, section 12, and the contract moratorium established in Laws 2002, chapter 220, article 10, section 37, as amended by article 7, section 11, and by Laws 2002, chapter 364, section 30, as it relates to the establishment and implementation of a supplemental drug rebate program.

Sec. 7. INCARCERATION REPORT.

By February 1, 2003, the commissioner of corrections must report to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over criminal justice and judiciary finance divisions alternatives for dealing with offenders who actually serve less than one year in prison. This report shall include capital and operating costs, possible partnerships, renting beds from public or private facilities, and current prison capacities.

Sec. 8. FISCAL 2003 TANF MAINTENANCE OF EFFORT.

The commissioner of human services must ensure that the maintenance of effort amount used in the MFIP forecast of November 2002 and February 2003 is not less than \$188,937,000 with respect to fiscal year 2003.

Sec. 9. SUNSET OF UNCODIFIED LANGUAGE.

All uncodified language contained in this article expires June 30, 2003, unless a different expiration date is explicit.

Sec. 10. EFFECTIVE DATE.

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

ARTICLE 10

HEALTH AND HUMAN SERVICES

Section 1. Minnesota Statutes 2000, section 13.05, subdivision 4, is amended to read:

Subd. 4. **LIMITATIONS ON COLLECTION AND USE OF DATA.** Private or confidential data on an individual shall not be collected, stored, used, or disseminated by political subdivisions, statewide systems, or state agencies for any purposes other than those stated to the individual at the time of collection in accordance with section 13.04, except as provided in this subdivision.

(a) Data collected prior to August 1, 1975, and which have not been treated as public data, may be used, stored, and disseminated for the purposes for which the data was originally collected or for purposes which are specifically approved by the commissioner as necessary to public health, safety, or welfare.

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

(b) Private or confidential data may be used and disseminated to individuals or agencies specifically authorized access to that data by state, local, or federal law enacted or promulgated after the collection of the data.

(c) Private or confidential data may be used and disseminated to individuals or agencies subsequent to the collection of the data when the responsible authority maintaining the data has requested approval for a new or different use or dissemination of the data and that request has been specifically approved by the commissioner as necessary to carry out a function assigned by law.

(d) Private data may be used by and disseminated to any person or agency if the individual subject or subjects of the data have given their informed consent. Whether a data subject has given informed consent shall be determined by rules of the commissioner. Informed consent shall not be deemed to have been given by an individual subject of the data by the signing of any statement authorizing any person or agency to disclose information about the individual to an insurer or its authorized representative, unless the statement is:

(1) in plain language;

(2) dated;

(3) specific in designating the particular persons or agencies the data subject is authorizing to disclose information about the data subject;

(4) specific as to the nature of the information the subject is authorizing to be disclosed;

(5) specific as to the persons or agencies to whom the subject is authorizing information to be disclosed;

(6) specific as to the purpose or purposes for which the information may be used by any of the parties named in clause (5), both at the time of the disclosure and at any time in the future;

(7) specific as to its expiration date which should be within a reasonable period of time, not to exceed one year except in the case of authorizations given in connection with applications for (i) life insurance or noncancelable or guaranteed renewable health insurance and identified as such, two years after the date of the policy or (ii) medical assistance under chapter 256B or MinnesotaCare under chapter 256L, which shall be ongoing during all terms of eligibility, for individual education plan health-related services provided by a school district under section 125A.21, subdivision 2.

The responsible authority may require a person requesting copies of data under this paragraph to pay the actual costs of making, certifying, and compiling the copies.

(e) Private or confidential data on an individual may be discussed at a meeting open to the public to the extent provided in section 13D.05.

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

Sec. 2. Minnesota Statutes 2001 Supplement, section 241.021, subdivision 4, is amended to read:

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

Subd. 4. **HEALTH CARE.** The commissioner of corrections shall provide professional health care to persons confined in institutions under the control of the commissioner of corrections and pay the costs of their care in hospitals and other medical facilities not under the control of the commissioner of corrections. All reimbursements for these health care services shall be deposited in the general fund. The commissioner of corrections is authorized to contract with or reimburse entities, including health care management companies, to provide health care to inmates, at reimbursement rates equal to medical assistance unless otherwise negotiated. With respect to these contracts, these entities shall not be regulated as, or otherwise considered to be, health plan companies as defined in section 62Q.01, subdivision 4.

Sec. 3. Minnesota Statutes 2000, section 241.44, is amended by adding a subdivision to read:

Subd. 5. **GRANTS.** The ombudsman may apply for and receive grants from public and private entities for purposes of carrying out the ombudsman's powers and duties under sections 241.41 to 241.45.

Sec. 4. Minnesota Statutes 2000, section 256.9657, subdivision 1, as amended by Laws 2002, chapter 220, article 14, section 5, 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 (e);

(2) the county nursing home payment adjustments under section 256B.431, subdivision 23, paragraph (e);

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

(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 2002, the surcharge under paragraph (e) (b) 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: increased to \$990.

(1) the total transfers anticipated during the fiscal year under section 256B.19, subdivision 1d, paragraph (e);

(2) the county nursing home payment adjustments under section 256B.431, subdivision 23, paragraph (e);

(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. 5. Minnesota Statutes 2000, section 256B.431, subdivision 23, as amended by Laws 2002, chapter 220, article 14, section 9, is amended to read:

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 on that date, 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).

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

Sec. 6. Minnesota Statutes 2000, section 256B.431, subdivision 37, as added by Laws 2002, chapter 220, article 14, section 10, is amended to read:

Subd. 37. **NURSING HOME RATE INCREASES EFFECTIVE JULY 1, 2003 2002.** For rate years beginning on or after July 1, ~~2003~~ 2002, 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. 7. Minnesota Statutes 2001 Supplement, section 256B.5013, subdivision 1, as amended by Laws 2002, chapter 220, article 14, section 14, 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 needs of a current ICF/MR recipient, the county of financial responsibility may recommend 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. Effective July 1, 2003, 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.

(b) A variable rate may be recommended by the county of financial responsibility for increased needs in the following situations:

(1) a need for resources due to an individual's full or partial retirement from participation in a day 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;

(2) a need for additional resources for intensive short-term programming which is necessary prior to an individual's discharge to a less restrictive, more integrated setting;

(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.

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(c) The county of financial responsibility must justify the purpose, the projected length of time, and the additional funding needed for the facility to meet the needs of the individual.

(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. 8. Minnesota Statutes 2000, section 256E.06, subdivision 3, is amended to read:

Subd. 3. PAYMENTS TO COUNTIES. The commissioner of human services shall make payments for community social services to each county in four installments per on or before July 10 of each year. ~~The commissioner of human services may certify the payments for the first three months of a calendar year based on estimates of the unduplicated number of persons receiving Minnesota family investment program assistance, general assistance, and medical assistance for the prior year. The following three payments shall be adjusted to reflect the actual unduplicated number of persons who received Minnesota family investment program assistance, general assistance, and medical assistance as required by subdivision 1. The commissioner shall ensure that the pertinent payment of the allotment for that quarter is made to each county on the first working day after the end of each quarter of the calendar year, except for the last quarter of the calendar year. The commissioner shall ensure that each county receives its payment of the allotment for that quarter no later than the last working day of that quarter. This scheduling of payments does not require compliance with subdivision 10.~~

Sec. 9. Minnesota Statutes 2001 Supplement, section 256J.425, subdivision 3, is amended to read:

Subd. 3. HARD-TO-EMPLOY PARTICIPANTS. An assistance unit subject to the time limit in section 256J.42, subdivision 1, in which any participant has received 60 counted months of assistance, is eligible to receive months of assistance under a hardship extension if the participant belongs to any of the following groups:

(1) a person who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining unsubsidized employment;

(2) a person who:

(i) has been assessed by a vocational specialist or the county agency to be unemployable for purposes of this subdivision; or

(ii) has an IQ below 80 who has been assessed by a vocational specialist or a county agency to be employable, but not at a level that makes the participant eligible

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for an extension under subdivision 4 or, in the case of a non-English-speaking person for whom it is not possible to provide a determination due to language barriers or absence of culturally appropriate assessment tools, is determined by a qualified professional to have an IQ below 80. A person is considered employable if positions of employment in the local labor market exist, regardless of the current availability of openings for those positions, that the person is capable of performing; or

(3) a person who is determined by the county agency to be learning disabled or, in the case of a non-English-speaking person for whom it is not possible to provide a medical diagnosis due to language barriers or absence of culturally appropriate assessment tools, is determined by a qualified professional to have a learning disability. If a rehabilitation plan for the person is developed or approved by the county agency, the plan must be incorporated into the employment plan. However, a rehabilitation plan does not replace the requirement to develop and comply with an employment plan under section 256J.52. For purposes of this section, "learning disabled" means the applicant or recipient has a disorder in one or more of the psychological processes involved in perceiving, understanding, or using concepts through verbal language or nonverbal means. The disability must severely limit the applicant or recipient in obtaining, performing, or maintaining suitable employment. Learning disabled does not include learning problems that are primarily the result of visual, hearing, or motor handicaps; mental retardation; emotional disturbance; or due to environmental, cultural, or economic disadvantage; or

(4) a person who is a victim of family violence as defined in section 256J.49, subdivision 2, and who is participating in an alternative employment plan under section 256J.49, subdivision 1a.

Sec. 10. Minnesota Statutes 2001 Supplement, section 256J.425, subdivision 4, is amended to read:

Subd. 4. **EMPLOYED PARTICIPANTS.** (a) An assistance unit subject to the time limit under section 256J.42, subdivision 1, in which any participant has received 60 months of assistance, is eligible to receive assistance under a hardship extension if the participant belongs to:

(1) a one-parent assistance unit in which the participant is participating in work activities for at least 30 hours per week, of which an average of at least 25 hours per week every month are spent participating in employment; or

(2) a two-parent assistance unit in which the participants are participating in work activities for at least 55 hours per week, of which an average of at least 45 hours per week every month are spent participating in employment; or

(3) an assistance unit in which a participant is participating in employment for fewer hours than those specified in clause (1), and the participant submits verification from a health care provider, in a form acceptable to the commissioner, stating that the number of hours the participant may work is limited due to illness or disability, as long as the participant is participating in employment for at least the number of hours specified by the health care provider. The participant must be following the treatment

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recommendations of the health care provider providing the verification. The commissioner shall develop a form to be completed and signed by the health care provider, documenting the diagnosis and any additional information necessary to document the functional limitations of the participant that limit work hours. If the participant is part of a two-parent assistance unit, the other parent must be treated as a one-parent assistance unit for purposes of meeting the work requirements under this subdivision.

For purposes of this section, employment means:

- (1) unsubsidized employment under section 256J.49, subdivision 13, clause (1);
- (2) subsidized employment under section 256J.49, subdivision 13, clause (2);
- (3) on-the-job training under section 256J.49, subdivision 13, clause (4);
- (4) an apprenticeship under section 256J.49, subdivision 13, clause (19);
- (5) supported work. For purposes of this section, "supported work" means services supporting a participant on the job which include, but are not limited to, supervision, job coaching, and subsidized wages;
- (6) a combination of (1) to (5); or
- (7) child care under section 256J.49, subdivision 13, clause (25), if it is in combination with paid employment.

(b) If a participant is complying with a child protection plan under chapter 260C, the number of hours required under the child protection plan count toward the number of hours required under this subdivision.

(c) The county shall provide the opportunity for subsidized employment to participants needing that type of employment within available appropriations.

(d) To be eligible for a hardship extension for employed participants under this subdivision, a participant in a one-parent assistance unit or both parents in a two-parent assistance unit must be in compliance for at least ten out of the 12 months immediately preceding the participant's 61st month on assistance. If only one parent in a two-parent assistance unit fails to be in compliance ten out of the 12 months immediately preceding the participant's 61st month, the county shall give the assistance unit the option of disqualifying the noncompliant parent. If the noncompliant participant is disqualified, the assistance unit must be treated as a one-parent assistance unit for the purposes of meeting the work requirements under this subdivision and the assistance unit's MFIP grant shall be calculated using the shared household standard under section 256J.08, subdivision 82a.

(e) The employment plan developed under section 256J.52, subdivision 5, for participants under this subdivision must contain the number of hours specified in paragraph (a) related to employment and work activities. The job counselor and the participant must sign the employment plan to indicate agreement between the job counselor and the participant on the contents of the plan.

(f) Participants who fail to meet the requirements in paragraph (a), without good cause under section 256J.57, shall be sanctioned or permanently disqualified under

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subdivision 6. Good cause may only be granted for that portion of the month for which the good cause reason applies. Participants must meet all remaining requirements in the approved employment plan or be subject to sanction or permanent disqualification.

(g) If the noncompliance with an employment plan is due to the involuntary loss of employment, the participant is exempt from the hourly employment requirement under this subdivision for one month. Participants must meet all remaining requirements in the approved employment plan or be subject to sanction or permanent disqualification. This exemption is available to one-parent assistance units two times in a 12-month period, and two-parent assistance units, two times per parent in a 12-month period.

(h) This subdivision expires on June 30, 2004.

Sec. 11. Minnesota Statutes 2001 Supplement, section 256J.425, is amended by adding a subdivision to read:

Subd. 4a. HARDSHIP EXTENSION PENDING DOCUMENTATION. If the documentation needed to determine if a participant is eligible for a hardship extension under subdivision 2 or 3 is not available by the 60th month, the county agency may extend the participant pending receipt of the documentation if the county believes the participant is likely to qualify for a hardship extension and the participant is cooperating with efforts to obtain the documentation. If the participant is found to be not eligible for an extension, the participant may be responsible for an overpayment.

Sec. 12. Minnesota Statutes 2001 Supplement, section 256J.425, subdivision 5, is amended to read:

Subd. 5. ACCRUAL OF CERTAIN EXEMPT MONTHS. (a) A participant who received TANF assistance that counted towards the federal 60-month time limit while the participant was exempt under section 256J.56, paragraph (a), clause (7), from employment and training services requirements and who is no longer eligible for assistance under a hardship extension under subdivision 2, paragraph (a), clause (3), is eligible for assistance under a hardship extension for a period of time equal to the number of months that were counted toward the federal 60-month time limit while the participant was exempt under section 256J.56, paragraph (a), clause (7), from the employment and training services requirements.

(b) A participant who received TANF assistance that counted towards the federal 60-month time limit while the participant met the state time limit exemption criteria under section 256J.42, subdivision 4 or 5, is eligible for assistance under a hardship extension for a period of time equal to the number of months that were counted toward the federal 60-month time limit while the participant met the state time limit exemption criteria under section 256J.42, subdivision 5.

(c) A participant who received TANF assistance that counted towards the federal 60-month time limit while the participant was exempt under section 256J.56, paragraph (a), clause (3), from employment and training services requirements, who demonstrates at the time of the case review required under section 256J.42, subdivision 6, that the participant met the exemption criteria under section 256J.56, paragraph (a),

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clause (7), during one or more months the participant was exempt under section 256J.56, paragraph (a), clause (3), before or after July 1, 2002, is eligible for assistance under a hardship extension for a period of time equal to the number of months that were counted toward the federal 60-month time limit during the time the participant met the criteria under section 256J.56, paragraph (a), clause (7). At the time of the case review, a county agency must explain to the participant the basis for receiving a hardship extension based on the accrual of exempt months. The participant must provide documentation necessary to enable the county agency to determine whether the participant is eligible to receive a hardship extension based on the accrual of exempt months or authorize a county agency to verify the information.

Sec. 13. Minnesota Statutes 2000, section 256L.01, subdivision 4, is amended to read:

Subd. 4. **GROSS INDIVIDUAL OR GROSS FAMILY INCOME.** (a) "Gross individual or gross family income" for farm and nonfarm self-employed means income calculated using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year and adding back in reported depreciation, carryover loss, and net operating loss amounts that apply to the business in which the family is currently engaged.

(b) "Gross individual or gross family income" for farm self-employed means income calculated using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year and adding back in reported depreciation amounts that apply to the business in which the family is currently engaged.

(c) Applicants shall report the most recent financial situation of the family if it has changed from the period of time covered by the federal income tax form. The report may be in the form of percentage increase or decrease.

Sec. 14. Laws 2001, First Special Session chapter 9, article 2, section 74, is amended to read:

Sec. 74. **ELIGIBILITY EXCEPTION TO THE PRESCRIPTION DRUG PROGRAM.**

Notwithstanding the requirements of Minnesota Statutes, section 256.955, subdivision 2, paragraph (d), from March 1, 2001, to June 30, ~~2002~~ 2003, the definition of a "qualified individual" in the prescription drug program established under Minnesota Statutes, section 256.955, shall include an individual who:

- (1) was enrolled in the prescription drug program prior to March 1, 2001;
 - (2) was enrolled in a Medicare risk plan prior to March 1, 2001, to which an annual prescription drug benefit of \$400 was added on March 1, 2001; and
 - (3) meets the requirements described in Minnesota Statutes, section 256.955, subdivision 2, paragraph (d), clauses (1) and (5), and subdivision 2a.
- The prescription benefit offered by the Medicare risk plan shall be primary to benefits provided under the prescription drug program.

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ARTICLE 11

GENERAL FUND CONVERSION TO BOND FUNDS

Section 1. INTENT.

This article intends to return to the unreserved general fund \$75,043,000 by changing the fund source of the projects listed in this article in the amounts shown in sections 2 to 14, by decreasing the appropriation from the general fund and by appropriating an equal amount from the aggregate of the bond proceeds fund and the transportation fund. This action changes the designation of the fund sources made under the cumulative effect of Laws 1998, chapter 404; Laws 1999, chapter 250; and Laws 2000, chapters 479 and 492. This article also makes a new appropriation of \$77,000 from the bond proceeds fund for bond sale expenses in connection with the bonds authorized in this article.

Sec. 2. CAPITAL IMPROVEMENT APPROPRIATIONS.

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund or other named fund to the state agencies or officials indicated, to be spent for public purposes, including to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

SUMMARY

UNIVERSITY OF MINNESOTA	\$ 500,000
CHILDREN, FAMILIES, AND LEARNING	500,000
NATURAL RESOURCES	6,973,000
WATER AND SOIL RESOURCES BOARD	300,000
ADMINISTRATION	43,350,000
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	250,000
AMATEUR SPORTS COMMISSION	690,000
TRANSPORTATION	13,590,000
HUMAN SERVICES	1,500,000
CORRECTIONS	250,000
TRADE AND ECONOMIC DEVELOPMENT	5,590,000
MINNESOTA HISTORICAL SOCIETY	1,550,000
BOND SALE EXPENSES	77,000

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

TOTAL	\$ 75,120,000
Bond Proceeds Fund	61,530,000
Transportation Fund	13,590,000
	APPROPRIATIONS
	\$
Sec. 3. UNIVERSITY OF MINNESOTA	500,000
To the board of regents of the University of Minnesota for 1998 Higher Education Asset Preservation and Replacement.	
Sec. 4. CHILDREN, FAMILIES, AND LEARNING	500,000
To the commissioner of children, families, and learning for 1998 Early Childhood Learning Facilities.	
Sec. 5. NATURAL RESOURCES	
Subdivision 1. To the commissioner of natural resources for the purposes specified in this section	6,973,000
Subd. 2. 1998 Park Building Rehabilitation	500,000
Subd. 3. 1998 Park Betterment and Rehabilitation	500,000
Subd. 4. 1998 Forest Roads and Bridges	750,000
Subd. 5. 1998 Metro Greenways Acquisition	2,000,000
Subd. 6. Safe Harbors Program	3,223,000
Sec. 6. BOARD OF WATER AND SOIL RESOURCES	300,000
To the board of water and soil resources for local road replacement.	
Sec. 7. ADMINISTRATION	
Subdivision 1. To the commissioner of administration for the purposes specified in this section	45,350,000
Subd. 2. 2000 Asset Preservation	350,000
Subd. 3. 2000 Bureau of Criminal Apprehension Facility	40,000,000

Subd. 4. 2000 Property Acquisition	450,000
Subd. 5. 1998 Asset Preservation	1,250,000
Subd. 6. 1998 Real Property Acquisition	1,000,000
Subd. 7. 1998 BCA Land Acquisition	300,000
Sec. 8. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	250,000
To the commissioner of administration for the HHH Memorial.	
Sec. 9. AMATEUR SPORTS COMMISSION	690,000
To the amateur sports commission for the Giants Ridge Facility.	
Sec. 10. TRANSPORTATION	
Subdivision 1. To the commissioner of transportation for the purposes specified in this section	13,590,000
This appropriation is from the transporta- tion fund.	
Subd. 2. 2000 County and Local Bridges	13,000,000
Subd. 3. 1998 CSAH Highway 90	590,000
Sec. 11. HUMAN SERVICES	1,500,000
To the commissioner of administration for 1998 Asset Preservation.	
Sec. 12. CORRECTIONS	250,000
To the commissioner of administration for 1998 Asset Preservation.	
Sec. 13. TRADE AND ECONOMIC DEVELOPMENT	5,590,000
To the commissioner of trade and eco- nomic development for 2000 Wastewater Infrastructure.	
Sec. 14. MINNESOTA HISTORICAL SOCIETY	
Subdivision 1. To the Minnesota historical society for the purposes specified in this section	1,550,000

Subd. 2. 1998 Historic Site Preservation and Repair	850,000
Subd. 3. Split Rock Lighthouse	700,000
Sec. 15. BOND SALE EXPENSES	77,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 16. IDENTICAL PROJECTS.

The purpose and use of appropriations in this article are for the same purpose and use and for identical projects as authorized in Laws 1998, chapter 404; Laws 1999, chapter 250; and Laws 2000, chapters 479 and 492. Except for the fund source of unspent parts of the appropriations listed in this article, this article does not change or limit the purpose and use of the appropriations and related requirements in Laws 1998, chapter 404; Laws 1999, chapter 250; and Laws 2000, chapters 479 and 492.

Sec. 17. BOND SALE AUTHORIZATIONS.

Subdivision 1. BOND PROCEEDS FUND. To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$61,530,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. TRANSPORTATION FUND. To provide the money appropriated in this article from the transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$13,590,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 18. CANCELLATION TO GENERAL FUND.

Money appropriated from the general fund pursuant to 1998, 1999, and 2000 acts and not yet spent for the projects listed in this article is canceled to the general fund in the amount shown for each project.

Sec. 19. EFFECTIVE DATE.

This article is effective the day following final enactment.

Presented to the governor May 15, 2002

Vetoed by the governor May 18, 2002, 7:20 p.m.

Reconsidered and approved by the legislature after the governor's veto May 18, 2002

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