

years following plant closure in order to keep the plant salable while the state and economic development groups seek a new owner.

Under the law, plant owners will be required to rotate major equipment, keep the facility heated to enhance machinery lubrication, and maintain fire prevention systems, security, and utilities.

Industry representatives testifying at the committee level noted that many maintenance chores were left undone at the 2001 closure of the LTV Steel Mining Company plant in Hoyt Lakes. Those opposed to the bill said it micromanages plant operations and doesn't allow the state to negotiate plant closure duties on a case-by-case basis.

HF359/SF308*/CH113

Policy provisions

(See Agriculture, page 9)

★ INSURANCE

Health insurance purchasing alliances

A new law will modify regulations governing health care purchasing alliances, particularly as they relate to stop-loss coverage.

Effective Aug. 1, 2003, the law will allow the commissioner of the Department of Human Services to accept grants from public or private entities for the stop-loss fund. Generally, stop-loss funds are available to reimburse insurers for unusually large costs so that insurers may share risk.

It will also allow third-party contributions, which have the effect of lowering premiums for those purchasing the coverage.

Purchasing alliances are formed by a group of employers who buy employee health coverage as a group to pool risk and reduce premiums. They are typically used by small businesses.

The new law was sponsored by Rep. Brad Finstad (R-New Ulm) and Sen. Sheila Kiscaden (IP-Rochester).

HF266*/SF224/CH20

Notifying homeowners of cancellation

Homeowners must be informed of a Minnesota state insurance plan when their homeowner's insurance policies are canceled, under a new law effective Aug. 1, 2003.

The new law largely clarifies other statutes

regarding the Minnesota property insurance placement facility, or the Minnesota FAIR Plan. FAIR stands for fair access to insurance requirements. It is overseen by the Department of Commerce.

Established by the Legislature, the plan provides limited property insurance when individuals are unable to get insurance from the private market. However, policies are not as desirable or as affordable as private insurance company plans. Minnesota residential and commercial property owners who have been unable to obtain property insurance are eligible for coverage, provided the property meets minimum requirements.

The plan is financed through premiums paid by customers. When shortfalls arise, the plan's member insurance companies are assessed a fee according to their share of the market.

The new law will also change the requirements for and terms of FAIR board members, as well as clarify how rates are set by the Department of Commerce, how commissions are paid to agents, and how written premiums are used to determine the plan's assessment base. Finally, the law will allow rejection of coverage without property inspection if the rejection is not related to the property's condition.

In an unrelated provision, the new law will also require health insurance providers to notify clients that the insured's children who reach the age they are no longer eligible for coverage as dependents continue to be covered if they are disabled or if they are students who can take only a reduced course load due to a disability.

Rep. Tony Sertich (DFL-Chisholm) and Sen. Linda Scheid (DFL-Brooklyn Park) were the sponsors.

HF203/SF350*/CH40

Insurance guaranty changes

Individuals with pending property and casualty insurance claims who find that their insurance company has gone bankrupt could collect no more than \$10 million from the state's insurance guaranty program, under a



PHOTO BY TOM OLMSCHIED

Homeowners must be informed of a state insurance plan when their homeowner's insurance policies are canceled, under a new law.

new law effective May 23, 2003.

The new law encompasses many technical changes — save for the bankruptcy amount limitation — to current laws governing the Minnesota Insurance Guaranty Association.

Specifically, it will add to the list of insurance types that are excluded from the guaranty program. Exempt are fidelity and surety bonds, and insurance of warranties and service contracts. The new law also broadens the definition of those who can file claims with the guaranty association to include government entities.

The nonprofit guaranty group, controlled by a board of directors, was created by state statute in 1971. Every insurer selling property and casualty insurance must belong to the association. Members are assessed a certain percentage of their premiums to pay for the claims of the insured in the event an insurance company becomes insolvent.

Every state has an insurance guaranty program, according to law sponsors Rep. Jeff Johnson (R-Plymouth) and Sen. Linda Scheid (DFL-Brooklyn Park).

HF946*/SF776/CH74

Terrorism coverage

A new law removes a prior legal requirement that Minnesota insurance companies automatically provide terrorism coverage. Instead, those companies may now offer it to customers for an additional fee.

Sponsored by Rep. Tim Wilkin (R-Eagan) and Sen. Linda Scheid (DFL-Brooklyn Park), the law took effect April 8.

Prior to the new law, federal law required commercial property fire insurance policies to

include coverage for acts of foreign terrorism, even if the policy expressly stated that terrorism was not covered. That special terrorism measure, which was temporary, was invoked through the federal Terrorism Risk Insurance Act following the Sept. 11 terrorist attacks in 2001.

The law applies only to commercial property; residential insurance is excluded.

HF267*/SF176/CH10

Victims rights laws

(See Crime, page 19)

Funding state departments

(See Government, page 32)

Assuring long-term care coverage

(See Health, page 37)

Reducing costs

(See Health, page 41)

Funding for roads, transit

(See Transportation, page 64)

Ensuring coverage exists

(See Bills in Limbo, page 89)

LAW



Courts, corrections, safety funding

A new law provides \$1.4 billion in general fund appropriations for the state's judicial, corrections, and public safety systems for the next biennium. The law will also raise an estimated \$93 million in additional revenue through a series of increased fees for court system and public safety services.

The 2004-05 budget is only slightly larger than the amount appropriated for 2002-03, though a number of individual adjustments were made in the appropriations to account for an anticipated \$4.2 billion deficit at the end of the biennium.

The law will also change some criminal offense statutes, establishing new and alternative penalties and new felony-level crimes. The state will continue collecting DNA samples from felons and change housing requirements for the Department of Corrections.

Sponsors of the law were Rep. Steve Smith (R-Mound) and Sen. Leo Foley (DFL-Coon Rapids). Appropriations in the law are effective July 1, 2003, and policy provisions take affect as noted. The following are select provisions included in the measure.

2003 Special Session: HF2/SF2*/CH2



PHOTO BY ANDREW VONBANK

Inmates in most state prisons and local jails can be double-bunked as necessary, under a new law. The law applies to all prisons except for the highest security institutions.

Court system

The law appropriates about \$462.4 million to the state's court system, including the Minnesota Supreme Court, the Court of Appeals, Tax Court, and statewide district courts. It allocates an additional \$99.8 million for the state's public defenders, as well. (Art. 1, Secs. 2-8)

In addition, the law raises a number of court filing fees to account for expected revenue shortfalls. Included in those increases are the following:

- tax court appeal filing fees (Art. 2, Sec. 1);
- civil filing fees (Art. 2, Sec. 2);
- subpoena issuance fees (Art. 2, Sec. 2);
- transcript and order fees (Art. 2, Sec. 2);
- conciliation court fees (Art. 2, Sec. 3);
- fees for filing an appeal (Art. 2, Sec. 4); and
- fees for public defense services (Art. 3, Sec. 4).

The law also directs the supreme court to review the financial consequences of the fees and report the findings to the Legislature by Jan. 15 of each year.

For more information on specific fees and how much they were raised, refer to the fee chart on page 68.

Courts will no longer be required to appoint guardians *ad litem* in truancy and runaway

cases. Guardians *ad litem* serve as advocates in court proceedings for children whose welfare is of some concern. (Art. 7, Sec. 4)

Probation changes

Minnesota's probation officers will gain new powers to punish the offenders they monitor, beginning Aug. 1, 2003. (Art. 6, Secs. 1-6)

In an effort to take some cases out of overburdened district courts, the provision allows probation officers in certain counties to mete out sanctions to offenders who commit technical violations of their agreements.

Nearly any violation of probationary terms that does not constitute an additional criminal offense will be considered a technical violation. Under the law, probation officers set up a meeting with the offender and other interested parties to discuss appropriate penalties for the violation.

The meetings are voluntary and offenders can request a traditional court hearing where a district judge imposes the penalties. However, the probation officer may initiate revocation proceedings while parties await the court hearing. (Art. 6, Sec. 4)

Any sanctions worked out by a probation officer under the proposal will still have to be formally approved by a judge.

Penalties the officers may impose include electronic monitoring, community service, required daily reporting to a day report center, random drug testing, education programs, mental health counseling, or chemical dependency treatment or counseling.

The provision is limited to officers in the 29 counties that do not utilize Department of Corrections probation services. Those counties include about 13 percent of the state's probationary offenders.

Corrections

For the Department of Corrections, which operates the adult and juvenile prisons in the state, the law will provide \$723.4 million for the biennium. (Art. 1, Sec. 13)

In addition, the law will allow inmates in the state prisons and local jails to be double-bunked as necessary, if the construction of the facility would allow such arrangements. All state prisons will allow multiple occupancy except for the highest security institutions. (Art. 5, Secs. 4, 12, 13)

Inmates will be limited to two meals per day on weekends and holidays under the law, except if dietary or health constraints require additional meals. (Art. 5, Sec. 5)

Felony offenders with sentences less than six months will serve their sentences in a work farm, county jail, or other prescribed facility, under the law. Felony sentences greater than six months must be served in a state prison facility. (Art. 5, Sec. 7, 9)

The new law also repeals a prior law that required the department to pursue incarcerating felony drunken driving offenders in private prisons. (Art. 5, Sec. 18)

Public safety

The law includes a total biennial appropriation of nearly \$140.6 million for the Department of Public Safety, which includes the Bureau of Criminal Apprehension and division of emergency management. (Art. 1, Sec. 9)

The new law will cut \$6 million to battered women's programs and shelters.

A number of fees are established and increased in the law, to cover certain administrative costs in the department. For example, the bureau will collect fees to fingerprint people for employment or licensing purposes and for conducting non-law enforcement related fingerprint-based background checks. (Art. 4, Sec. 7-11, 13)

The bureau must also develop an Internet Web site for public criminal history data by July 1, 2004. (Art. 4, Sec. 1)

Monthly Internet or dial-up access to the criminal justice data network will cost \$35 to the public and \$15 for criminal justice agencies. (Art. 4, Sec. 1) Public defenders are not subject to the fee. (Art. 3, Sec. 8)

The new law also establishes a permit process for indoor fireworks displays, effective May 29, 2003. (Art. 4, Sec. 28)

DNA collection

Minnesota will continue collecting DNA samples from convicted felons, under the law. (Art. 4, Sec. 24)

As a part of anti-terrorism legislation passed in 2002 and initially scheduled to expire this year, the state began taking DNA samples from anyone convicted of any felony-level crime for use in future analyses. The law also applies to juveniles convicted of felony-level crimes, but does not require samples from juveniles currently serving jail time.

The state has required that DNA samples be collected from sex offenders since 1988 and from people convicted of certain violent and property crimes since 1999, but last year's law was the first to require specimens from all felony offenders. In addition, it also requires anyone currently serving prison sentences for felony crimes to submit DNA before release.



PHOTO BY TOM OLMSCHIED

Felony offenders with less than six months remaining will serve out their sentences in a work farm, county jail, or other prescribed facility, under a new law. Felony sentences greater than six months must be served in a state prison facility.

New crimes, penalties

A provision in the new law will make attempting to manufacture methamphetamine a felony, effective Aug. 1, 2003. It is modeled after an Iowa law. Previously, police had to catch someone in the act before they could be charged with a felony. (Art. 8, Secs. 2, 3)

A new \$3 surcharge will be part of court-processed parking tickets issued in the state, generally for non-local offenses, with the money going to the state's general fund. (Art. 8, Secs. 6, 7)

Effective Aug. 1, 2003, anyone committing identity theft that affects eight or more people or effects a combined loss of \$35,000 or more will be guilty of a felony and subject to up to 20 years in prison and a \$100,000 fine. In addition, using another person's identity in the commission of a crime will be considered one of several aggravating factors by the court imposing a sentence. (Art. 8, Secs. 9, 18)

Assaulting a member of a community group targeted at crime prevention efforts, such as a neighborhood patrol, will be considered a gross misdemeanor, effective May 29, 2003. (Art. 8, Sec. 8)

In addition, an unconventional sentencing technique that has shown success in Minnesota will be specifically allowed in state statute for use in drunken driving cases, beginning Aug. 1, 2003. Called "staggered sentencing," the idea allows a judge to impose a jail sentence on someone convicted of drunken driving.

The defendant immediately serves some portion — usually a third — of that sentence in jail. The judge orders another third of the sentence to be served a year later and the last third a year after that. However, a defendant can earn "forgiveness" of each year's incarceration if he or she stays sober and gets the backing of their probation officer. A certain amount of the probation is usually spent on remote electronic alcohol monitoring, which requires random breath tests from a device connected to a defendant's telephone. (Art. 9, Secs. 2-11)

According to supporters of this policy, one of the main arguments in favor of this sentencing scheme is that it puts the burden on the offender to succeed on probation and demonstrate that success to the court. In contrast, traditional probation puts the offender in a more passive role and requires the probation officer and prosecutor to prove alleged shortcomings.

In response to cases where individuals illegally accessed police and fire department emergency radio frequencies, the new law makes interfering with emergency communications a felony, subject to up to three years in prison. The provision is effective Aug. 1, 2003. Officials' cellular phone communications will also be covered. Previously such offenses were considered obstructing the legal process, a misdemeanor. (Art. 4, Sec. 27)

Public defense

A few changes are also made in the law related to the state's Board of Public Defense.

In addition to raising the co-payment for anyone receiving the legal services of a public defender, the new law will allow public defenders to recapture the co-payments under the Revenue Recapture Act. That law allows agencies, as defined by law, to recover owed obligations greater than \$25, including criminal fines and financial obligations ordered by a court, by taking from tax refunds, lottery winnings, and other designated "refunds," disbursed by the state. (Art. 3, Sec. 1)

The new law also will deny public defender representation in appeals where the defendant has pleaded guilty or the public defender finds the appeal is non-meritorious. (Art. 3, Secs. 3, 6)

Public safety officer benefits

The new law specifies that death benefits for public safety officers killed in the line of duty will be paid to an individual's estate if he or she does not have a spouse, dependant children, or dependant parents. (Art. 4, Secs. 2, 3)

When Minneapolis police officer Melissa Schmidt was killed in August 2002, her family did not qualify to receive money from the state's public safety officer's benefit account. Under prior law, without any of the qualifications above, the state would make no payment of death benefits.

The provision is retroactive to July 1, 2002, and covers police officers, firefighters, corrections officers, ambulance drivers, arson investigators, paramedics, and hazardous materials responders.

Joint and several liability

A significant piece of tort reform legislation became law when a measure modifying Minnesota's joint and several liability statutes was signed by Gov. Tim Pawlenty.

Joint and several liability provides a way for an injured person or organization to collect damages even if a liable party is unable to pay its portion. Previous law stated that courts could force a defendant assigned at least 15 percent of the liability in a civil case to pay any costs other defendants are unable to pay themselves.

Effective Aug. 1, 2003, the new law moves the 15 percent threshold to 50 percent and eliminates a provision that can force defendants found less than 15 percent liable to pay up to four times that percentage under the same circumstances.



PHOTO BY ANDREW VONBANK

State statutes regarding joint and several liability, which provides a way for an injured person or organization to collect damages even if a liable party is unable to pay its portion, are modified under a new law.

Supporters of the change said it isn't fair to make someone who is less than one-fifth liable pay all of someone's damages.

Opponents said the current practice prevents victims from being uncompensated when the person mostly responsible for damages is uninsured or bankrupt.

Rep. Paul Kohls (R-Victoria) and Sen. Linda Scheid (DFL-Brooklyn Park) sponsored the law. The provisions were initially contained in HF75, sponsored by Rep. Jeff Johnson (R-Plymouth).

HF1114/SF872*/CH71

Broadcast immunity

Broadcasters who unknowingly pass along incorrect information as part of an emergency broadcast will be immune from liability for damages that occur as a result of those broadcasts, under a new law.

Effective Aug. 1, 2003, the new law protects Web sites, television stations, and radio stations from lawsuits resulting from information relayed through the Emergency Alert System, Amber Alert System, or other emergency notifications. Those systems are designed to quickly spread word of emergency information in the event of severe weather, war, or child abduction.

Under the law, broadcasters cannot be held liable for damages if the broadcasts are unintentionally inaccurate and cause damage as a result.

Current law requires television and radio stations to only broadcast messages from the president and allows them to choose which other emergency alerts to air. House sponsor Rep. Paul Kohls (R-Victoria) said the bill protects stations

that might otherwise choose not to air important information for fear of being sued.

Sen. Julianne Ortman (R-Chanhassen) sponsored the legislation in the Senate.

HF628*/SF673/CH65

Reporting crimes

People who honestly try to report crimes to law enforcement officials could not be held accountable for damages arising from their actions, under a new law.

Effective Aug. 1, 2003, people who seek assistance from law enforcement or who report illegal activities they witness will be immune from lawsuits arising from any damages their actions may cause, as long as they act with good intentions. People who deliberately mislead police or misreport a crime will still be liable for the results of their action under the new law.

According to Rep. Rob Eastlund (R-Isanti), House sponsor, the issue arose when an off-duty 911 operator in his district reported an erratic driver he believed might be drunk. "The result of that was (the operator) got sued and ended up having to defend himself in civil court," Eastlund said. "He was exonerated but he had a bill to pay for his legal defense."

The law permits the awarding of reasonable attorney's fees to people who are sued but found not liable under the law.

Sen. Leo Foley (DFL-Coon Rapids) was the Senate sponsor.

HF700*/SF722/CH35

Guardians for vulnerable Minnesotans

A new law will make changes to state statutes governing guardianship of children and incapacitated adults.

Effective Aug. 1, 2003, the law repeals and replaces dozens of sections of current state law, closely following the recommendation of a Minnesota State Bar Association committee appointed to review the laws.

The new law will close loopholes and clarify some legal processes, according to its House sponsor, Rep. Paul Thissen (DFL-Mpls).

Among other things, the legislation more clearly defines the roles of a "guardian" and a "conservator" as someone who acts on a person's behalf and someone who manages a person's estate, respectively.

In the area of guardianship for minors, a court will be allowed to appoint a guardian for a child with the parents' consent or if the parents' rights have been terminated, or they are unable or unwilling to exercise their rights. It specifies who may apply to be a child's guardian and how that application should be made. Guardians are specifically allowed to apply for state benefits and services, entitled to "reasonable compensation," and liable for injury to the child caused by a third party to the same extent a parent would be.

For incapacitated individuals, the law will allow parents or spouses to appoint a guardian for someone they believe to be incapacitated in the event the parent or spouse is unable to care for the person. They will be given the ability to limit the powers of the guardians they appoint.

Another provision of the law creates a list of priorities for judges to use when appointing a guardian for an incapacitated person. In order, those priorities will be:

- the current active guardian;
- someone appointed under a health care directive;
- a spouse or someone identified by the spouse in a will;
- an adult child;
- a parent or someone identified by a parent in a will; or
- an adult with whom the person resided for six months.

The law specifies that incapacitated people will not lose their right to vote unless the court expressly takes it away.

Sen. Don Betzold (DFL-Fridley) was the Senate sponsor.

HF166/SF112*/CH12

Property-related adjustments

A new law enacts several administrative changes to property law, specifically as it relates to registered property, governed by Torrens provisions, and certificates of possessory title. The changes were recommended by the Minnesota State Bar Association.

Two systems govern real estate law: abstract, which involves a third party making a determination regarding the chain of ownership over the history of the property, and Torrens, which simply certifies the parties who currently own or have mortgages and other interests in the property.

The new law makes changes in the way Torrens property is registered. (Art. 1, Secs. 1-13)

The two registration systems are certificates of title and certificates of possessory title. The difference between the two is that the former requires the applicant to go through the full Torrens process, which includes a court proceeding. However, the latter process is only available in situations where county title examiners show no complications with respect to the title.

Specifically, the new law allows an owner of multiple pieces of land to register them all in one application. It will also eliminate the requirement that an affidavit of purchaser be filed. That provision is not required under abstract land or in other Torrens systems.

The new law also makes some changes related to mortgages. (Art. 2, Secs. 1-4) Among the changes, liens must be filed within one year of filing intentions to claim a lien and a buyer's interest in a property under a contract for deed is not encumbered by a mortgage once the buyer pays off the contract and obtains the deed.

The new law is effective Aug. 1, 2003. It was sponsored by Rep. Tom Pugh (DFL-South St. Paul) and Sen. Thomas Neuville (R-Northfield).

HF112*/SF92/CH5

Later bar closing time
(See Business, page 15)

Correcting burial errors
(See Consumers, page 18)

Identity theft
(See Crime, page 19)

Statements allowed
(See Crime, page 19)

Death certificate issuance
(See Crime, page 20)

Obtaining search warrants
(See Crime, page 20)

Fighting financial crimes
(See Crime, page 20)

Breath test accuracy
(See Crime, page 20)

Arson penalties
(See Crime, page 21)

Parental history
(See Family, page 31)

Custody changes
(See Family, page 31)

Abortion consent measure
(See Health, page 37)

Defining commitment examiners
(See Health, page 38)

Expanded job duties
(See Health, page 40)

Condemnation hearings
(See Housing, page 44)

Manufactured home titles
(See Housing, page 45)

Statute of limitations for abuse
(See Bills in Limbo, page 75)

Enhancing abuse penalty
(See Bills in Limbo, page 76)

Job references
(See Bills in Limbo, page 82)

Child support changes stall
(See Bills in Limbo, page 83)

Surrogate pregnancies
(See Bills in Limbo, page 83)

Data collection stalled
(See Bills in Limbo, page 86)

Seatbelt 'gag' rule remains
(See Bills in Limbo, page 89)

★ LOCAL GOVERNMENT

Recuperating emergency costs

A new law will clarify that cities can place liens on an individual's property if the expense of an emergency service, such as extinguishing a fire, is not paid by the recipient.

Cities have had this right since 1997, but clarification was needed, according to law sponsors Rep. Greg Blaine (R-Little Falls) and Sen. Don Betzold (DFL-Fridley).



PHOTO BY TOM OLMSCHIED

A new law clarifies that cities can place liens on an individual's property if the recipient does not pay the expense of an emergency service, such as extinguishing a fire.

The law takes effect Aug. 1, 2003.

The legislation arose from a May 2001 fire at Larson Auto Wrecking in Blaine that cost more than \$107,000 to extinguish.

Involved in the 24-hour fire fight were 12 firefighting agencies and nine other entities and contractors, including the Department of Natural Resources, which dropped water on the blaze from special airplanes and helicopters. The fire was difficult to fight because each of the initial 100 cars reported to be on fire had to be picked off the ground with a special metal clamp vehicle and sprayed with foam agents.

The agencies involved wanted to place a lien against the property so that expenses could be recovered should the property ever be sold. But both the fire department's legal counsel and the city attorney felt the previous state statute was not clear enough regarding liens for emergency service.

HF428*/SF354/CH64

Official newspaper designation

A new law will allow local governmental units to choose out-of-jurisdiction newspapers for official public notices.

Under longstanding law, each township, city, county, school district, or other local government unit must designate annually one official newspaper of record for all legal and public notices, including meeting minutes.

Only newspapers maintaining offices within

the territory of the local government unit could previously be chosen. If no main office for a qualified newspaper existed in the jurisdiction, but one or more qualified newspaper maintained a secondary office there, one of them had to be designated.

Effective Aug. 1, 2003, the new law will allow the legal notices to be published in any qualified newspaper — even if it doesn't have an office in the jurisdiction — provided certain criteria are met.

Supporters said the law is good for competition because it doesn't bind local governments to designating, regardless of price, what may be the only newspaper with an office in the jurisdiction.

The new law lays out a high threshold to be met before local government units can choose an out-of-jurisdiction newspaper. The newspaper must be a qualified medium of official and legal publication, the publisher must swear that circulation reaches 75 percent or more of the households in the jurisdiction, the newspaper must have provided coverage of the local governing body's proceedings in the past and will continue to do so, and the governing body must vote unanimously to designate the newspaper.

The law received support from the Minnesota Newspaper Association.

Rep. Mary Liz Holberg (R-Lakeville) and Sen. Claire Robling (R-Jordan) sponsored the law.

HF944*/SF1062/CH59

Conflict of interest change

A new law will address conflicts arising for elected township supervisors whose private employers gain contracts for township services.

Sponsored by Rep. Torrey Westrom (R-Elbow Lake) and Sen. Dallas Sams (DFL-Staples), the new law states that a township supervisor may enter into a contract even if a township supervisor is an employee of the contractor, provided the supervisor has no role in preparing the contractor's bid or negotiating the contract.

In addition, it states that the supervisor is not precluded from serving as a township official during the contract term provided that the township supervisor abstains from voting on any official action relating to the contract.

Under prior law, a township supervisor in such a situation had to choose between remaining an elected official and employment. This exacerbates the problem of finding people interested in serving on township boards, Westrom said.

The problem came to the legislator's attention last fall following a situation in Carlos Township. Strom Construction discovered it couldn't place a bid because one of its employees was on the township board, said owner Paul Strom.

That employee, Dwayne Waldorf, said the township board and its engineer were unaware of the conflict-of-interest law until informed by the board's attorney.

The exception that the new law will provide is similar to the exception for city council members who are employees of a utility that has a franchise with the city. Another similar provision passed into law in 2001 provided that city officials, in cities with less than 5,000 population, could participate in federal grant programs even if their businesses were affected passed into law in 2001.

The new law is effective Aug. 1, 2003.

HF923*/SF911/CH119

Title examiner employment

Scott and Wright counties will have more flexibility in hiring examiners of title, under a new law.

Examiners of title are appointed in each county by district court judges. They serve as legal advisers to county registrars in examining applicable titles to real property that must be recorded and registered.

Under long-standing law, counties with populations of less than 75,000 may hire

examiners of title on a fee-for-service basis. Counties beyond the population threshold — save for Stearns, Dakota, and Olmsted counties — have to employ examiners of titles as employees.

Effective Aug. 1, 2003, the new law adds Scott and Wright counties to the list of counties with populations larger than 75,000 exempt from the mandatory employee requirement.

The sponsors were Rep. Mark Buesgens (R-Jordan) and Sen. Claire Robling (R-Jordan).
HF554/SF422*/CH54

Controlling the cash

Aitkin County will control money received from or designated for the operation of the county's Long Lake Conservation Center, under a new law.

Previously the dollars went into a separate fund under the control of the county park commission's secretary-treasurer, an appointed official. The change was recommended by the state auditor in order to place the funds under the control of the elected county officials.

In addition, the law provides that the center's books are subject to examination by the state auditor, regardless of whether the center receives any state appropriations. Previously, the books were subject to an examination only to the extent the center receives aid from appropriations. This change is primarily technical. A 1973 law abolished the public examiner and transferred the duties to the state auditor, however, it could not be corrected in this law specifically until it was amended.

According to the conservation center's Web site, its mission is "to foster proper conservation citizenship by making students aware of the interdependency of humans and the environment." The 760-acre site is located near Palisade, Minn.

Rep. Loren Solberg (DFL-Grand Rapids) and Sen. Tom Saxhaug (DFL-Grand Rapids) sponsored the law, which is effective Aug. 1, 2003.

HF770*/SF863/CH42

Seeking office as employees

St. Louis County sheriff deputies and classified employees will no longer have to resign from their jobs when seeking election to the county office employing them, under a new law.

Prior to the new law, only St. Louis County could require officers and classified employees to be removed from their jobs in the event they file for election to the county office by which they are employed. The new law repeals this section of law.

Rep. Mary Murphy (DFL-Hermantown), who sponsored the law with Sen. Tom Bakk (DFL-Cook), said she did not know the origins of the current statute. But, she said, "strong" sheriffs have used it to limit opposition.

Testifying for the legislation before a House committee were the St. Louis County Deputy Sheriff Association and the Minnesota Police and Peace Officers Association.

The new law is effective Aug. 1, 2003.

HF204/SF174*/CH70

Job descriptions

The Minneapolis mayor will have the authority to define the jobs, duties, and titles of top-level executive and management staff working for the city, under a new law.

The law will change special laws enacted during the 1980s that defined precisely the job titles and duties of appointed senior executive-level positions for the City of Minneapolis. Over time, however, organizational goals and policy issues have changed. Seeking legislative approval every time an employee description changes has become cumbersome, according to the city.

Under the law, the Minneapolis City Council will, by ordinance, be able to establish positions in the unclassified service and to provide for terms and conditions of employment. This change would apply largely to senior executive-level staff that work directly with department heads, the mayor, or the city council, and serve at the pleasure of the mayor or the council.

According to information from the city, the city has 95 employees either serving as key political staff, controlling large or sensitive operations that are accountable to policymakers, or working as public policy leaders who have broad citywide influence. These include the city coordinator, director of public works, and the police chief. They are not protected by civil service commissioner rules.

Effective 90 days after the city completes the local approval process, the law was sponsored by Rep. Frank Hornstein (DFL-Mpls) and Sen. Linda Higgins (DFL-Mpls).

HF389/SF421*/CH115

Clarifying interpretation

Since 1995, a 60-day rule has been in state statute that requires all executive branch agencies and political subdivisions to approve or deny a written request for certain actions within that time else the request is approved.

"That is a good law and this does not change that," said Rep. Steve Strachan (R-Farmington), House sponsor of the new law. "However there has been quite a bit of litigation regarding the interpretation of this law and this bill clarifies what constitutes an applicant, and what constitutes a denial."

As an example, Strachan pointed out during debate that the original law did not specify that a tie vote on a resolution by a township board constitutes a denial. The new law now specifies that a failure to approve a request constitutes denial.

He said that all stakeholders agreed on the law's provisions — not just the cities, counties and townships, but also developers and realtors. "This keeps the focus on policy and not technicalities," he said.

A subdivision regulation review process and plat review process are exempted from the 60-day rule, under the law.

The law, effective for requests submitted after June 1, 2003, was also sponsored by Sen. Yvonne Prettner Solon (DFL-Duluth).

HF433*/SF486/CH41

Met Council governance of Rockford

Effective Aug. 1, 2003, a new law will allow the city of Rockford to withdraw from the purview of the Metropolitan Council regional planning agency.

The council serves the seven-county metropolitan area, save for three cities. Removed in 1978 was New Prague; 1980, Northfield; and 1983, Hanover. Each has only a portion of its boundaries with the metropolitan area.

Rep. Dick Borrell (R-Waverly), House sponsor, said Rockford has 1,100 homes in Wright County, which does not fall under the Metropolitan Council purview, and 84 homes in Hennepin County, which is in the council's jurisdiction. It's unnecessary, said Borrell, for the city to follow Metropolitan Council policies requiring submittal of long-range plans, low-income housing reports, and other paperwork for a small portion of the city.

Rockford supported the bill. Sen. Mark Ourada (R-Buffalo) was the Senate sponsor.

HF415/SF512*/CH8

\$231 million law signed
(See Bonding, page 10)

Later bar closing time
(See Business, page 15)

Identity theft
(See Crime, page 19)

Paying for parks
(See Development, page 21)

School funding
(See Education, page 22)

Ballot question deadline
(See Elections, page 26)

Township special elections
(See Elections, page 26)

Saving money
(See Energy, page 29)

Solid waste plans
(See Environment, page 29)

Management change
(See Environment, page 30)

Auditing nursing homes
(See Health, page 41)

Reducing costs
(See Health, page 41)

Condemnation hearings
(See Housing, page 44)

Housing corporations created
(See Housing, page 45)

Met Council, legislative changes
(See Metro Affairs, page 56)

Handgun permit law
(See Safety, page 58)

Hazardous duty expansion
(See Safety, page 59)

Wireless space
(See Safety, page 59)

Aid formulas, new taxing districts
(See Taxes, page 61)

Common provisions
(See Taxes, page 63)

State highway transfers
(See Transportation, page 66)

State agency rulemaking, local costs
(See Vetoed Bills, page 73)

Labor contracts
(See Bills in Limbo, page 77)

Mandate opt out
(See Bills in Limbo, page 80)

Abolishing rail authorities
(See Bills in Limbo, page 90)

Opting out of mandates
(See Bills in Limbo, page 90)

Shooting ranges under fire
(See Bills in Limbo, page 90)

Overseeing Metrodome operations
(See Bills in Limbo, page 90)

★ METRO AFFAIRS

Met Council, legislative changes

A number of policy changes to the Metropolitan Council are now law, as is a slight change to legislative district boundaries.

The 17-member Metropolitan Council is the regional planning agency serving the Twin Cities seven-county metropolitan area and provides essential services to the region. Among its duties are to operate the region's largest bus system; collect and treat wastewater; plan for future growth, including the planning of parks and trails; and aid in housing opportunities for low- and moderate-income families. The governor appoints council members.

The redistricting of council boundaries is the most significant change in the law. Just like legislative and congressional seats, the council districts are updated every 10 years following the census. State law requires legislative approval of Metropolitan Council district boundaries after each federal census. Council redistricting is traditionally completed in a year that ends in 3, such as 2003.

Also in the law is a provision allowing the governor to bypass the usual process and appoint someone when an opening occurs on the council within a year of an appointment. Typically council members go through a nominating committee process with public meetings to collect input.

Among other law provisions:

- the Metropolitan Parks and Open Space Commission is retained, but members will serve without compensation, other than reimbursement for expenses associated with serving, as determined by the council. A House provision had sought the abolishment of the commission;

- the council is permitted to directly charge industrial users for their use of regional wastewater treatment services, rather than indirectly charge them through the city they are in;

- permission is given for the council to buy and sell energy futures contracts in order to level out the council's energy expenses as fuel costs fluctuate on the market; and
- a local government is provided the specific authority in state statute to challenge a council decision regarding its comprehensive guide plan if the council decides the city plan contains a substantial departure from metropolitan system plans.

In addition, the new law also changes the standard that must be met in order for the council to require that a local government change its local comprehensive plan. Under prior law, the council could require a change if implementation of the plan would have a substantial impact on the metropolitan plan or contained a substantial departure. Under the new law, the council may require a change only if the local plan is more likely than not to have a substantial impact. The provision stems from a 2002 case involving Lake Elmo when the council ordered the city to plan for more growth.

The law also provides for the legislative redistricting of House Districts 45A and 45B that affects about 200 residents, including Rep. Lyndon Carlson (DFL-Crystal).

Under the 2002 redistricting plan Carlson's house was out of his district by about two blocks. To remain in the district he moved into an apartment, but can now move back into his home and still be in his district. Minor adjustments of legislative district boundaries typically occur following a complete redistricting effort.

The law is effective June 9, 2003.

Rep. Mark Buesgens (R-Jordan) and Sen. Chuck Wiger (DFL-North St. Paul) were the sponsors.

2003 Special Session: HF66*/SFnone/CH16

\$231 million law signed
(See Bonding, page 10)

Reducing costs
(See Health, page 41)

Met Council governance of Rockford
(See Local Government, page 55)

Common provisions
(See Taxes, page 63)

Funding for roads, transit
(See Transportation, page 64)

Another tribal casino
(See Bills in Limbo, page 84)

Abolishing rail authorities
(See Bills in Limbo, page 90)

Overseeing Metrodome operations
(See Bills in Limbo, page 90)

Gas tax, local sales tax options
(See Bills in Limbo, page 95)

License fee revenue
(See Bills in Limbo, page 95)

The new law takes effect Aug. 1, 2003.

Under the program, which began in 1989, the state pays for up to 80 percent tuition reimbursement for lower division programs in the College of Liberal Arts at the Twin Cities campus of the University of Minnesota. Guard members attending other public or private post-secondary institutions within or outside Minnesota also qualify for these benefits.

Approximately 2,600 guard members now take advantage of the benefit, said Col. Dennis Lord, executive director of the Minnesota National Guard. An additional 320 soldiers now active in the war in Iraq are expected to participate in the program upon their return.
HF1080*/SF971/CH34

than most civilian jobs. Because of the salary difference, some soldiers are suffering great financial hardships in serving the country for periods of time up to 24 months.

Minnesota has about 18,000 National Guard members and reservists, 500 of whom are state employees. Of those employees, many are of higher rank in the military so the salary differential wouldn't apply to them, Lord said. But for the lower ranking soldiers paid less, the law will help them significantly.

The law is effective May 29, 2003.
HF294*/SF117/CH123

★ MILITARY

Tuition reimbursement extended

Minnesota National Guard soldiers and airmen will indefinitely receive reimbursement of their college tuition and the cost of books at current rates, under a new law.

Sponsored by Rep. Laura Brod (R-New Prague) and Sen. James Metzen (DFL-South St. Paul), the law will keep the reimbursement at 80 percent. As part of the 2001 state government finance bill the rate was increased from 75 percent to 80 percent. That provision was previously scheduled to expire June 30, 2003.

Earning full pay

State and local government employees in the National Guard or other military reserves may qualify for a salary differential payment when called to active duty, under a new law.

The provision, sponsored by Rep. Rob Eastlund (R-Isanti) and Sen. Don Betzold (DFL-Fridley), will require a state employer to pay any net amount of salary lost to an employee called to service. The salary differential would apply for active service on or after the date the governor signs the bill.

Col. Dennis Lord, executive director of the Minnesota National Guard, said that lower ranking soldiers are paid less by the military

★ RECREATION

Younger referees

Youth between ages 11 and 14 will be allowed to work as assistant soccer referees, even if the players they officiate are in an older age bracket, under a new law effective May 3, 2003.

Under current law, no child under 14 years old may be employed, save for as an actor or model, newspaper carrier, or in the agricultural field. Exemptions are allowed by the state Department of Labor and Industry on an individual basis, which has been done routinely for youth sports officials working at youth sports events. Such exemptions will no longer be necessary.

The new law stipulates that assistant youth soccer referees must have adequate supervision and a parent's written permission. It differs from a second law that provides a similar allowance, in that it allows children to officiate players who are older than they.

Rep. Ron Erhardt (R-Edina) and Sen. Michele Bachmann (R-Stillwater) were the sponsors.

HF1189/SF1064*/CH26

Youth officials

The second new law of 2003 dealing with employment of youth sports officials took effect May 9, 2003.

The new law allows youths between 11 and 14 years old to work as sports officials without filing for a child labor law exemption. However, it restricts youth sports officials to supervising players younger than age 14. Required are adult supervision and a parent's written permission.



PHOTO BY TOM OLMSCHEID

State and local government employees in the military reserves will receive a salary differential payment when called to active duty under a new law. Another law provides that Minnesota National Guard soldiers and airmen will indefinitely receive reimbursement of their college tuition and the cost of books at current rates.

Under current law, no child under 14 years old may be employed, save for as an actor or model, newspaper carrier, or in the agricultural field. Exemptions are allowed by the state Department of Labor and Industry on an individual basis, which has been done routinely for youth sports officials. About 2,000 such exemptions are processed by the state each year.

The department and numerous Minnesota youth soccer and hockey organizations supported the bill.

Rep. Lynn Wardlow (R-Eagan) and Sen. Linda Higgins (DFL-Mpls) were the sponsors. HF446*/SF745/CH31

\$231 million law signed
(See Bonding, page 10)

'Hogs, frogs, and jobs'
(See Budget, page 12)

Membership travel contracts
(See Consumers, page 18)

Paying for parks
(See Development, page 21)

Land transactions approved
(See Environment, page 29)

Management change
(See Environment, page 30)

Met Council, legislative changes
(See Metro Affairs, page 56)

Handgun permit law
(See Safety, page 58)

Designating fair game
(See Bills in Limbo, page 85)

Shooting ranges under fire
(See Bills in Limbo, page 90)

Overseeing Metrodome operations
(See Bills in Limbo, page 90)

Delayed payment
(See Bills in Limbo, page 94)

Small resort assistance
(See Bills in Limbo, page 94)

★ RETIREMENT

Assuring long-term care coverage
(See Health, page 37)

Alzheimer's training
(See Health, page 38)

Benefits adjusted, work plans initiated
(See Human Services, page 45)

Transfers approved
(See Human Services, page 48)

★ SAFETY

Handgun permit law

Effective May 28, 2003, a new law will govern the granting of handgun permits in the state of Minnesota.

The new law will require county sheriffs to grant handgun permits to anyone who meets specified criteria.

Applicants must be at least age 21, be trained in the proper use of a handgun, and be a U.S. citizen or permanent resident. Anyone listed in a state gang database or who has previously been convicted of a violent crime will be ineligible.

Previous law gave sheriffs and police chiefs wide discretion in granting permits to carry handguns, requiring that applicants demonstrate a personal or professional need to carry. The law was interpreted differently in different parts of the state, leading to calls for a more uniform permitting system.

The new law shifts the burden of proof to county sheriffs, who must prove that someone is legally disqualified or otherwise poses a risk to themselves or others before denying an application.

Under the law, someone under the influence of drugs or possessing a blood alcohol content of at least .04 percent will be prohibited from carrying guns even if that person possesses a permit to carry a firearm.

Businesses and other private establishments, such as churches, may ban guns on their premises by posting a sign near the entrance personally requesting that a gun carrier leave their business.

Guns will be banned on the property of schools and daycare centers, unless safely locked in the trunk of a car.

Businesses, colleges, and universities can set their own rules governing where employees



PHOTO BY ANDREW VONBANK

A new law requires county sheriffs to grant handgun permits to anyone who meets specified criteria. Businesses and other private establishments may ban guns on their premises by posting a sign near the entrance personally requesting that a gun carrier leave their business.

and students may carry guns on their property.

Though often called "concealed-carry legislation," there is no specific provision in the law requiring guns be either hidden or visible when carried in public.

In addition, the new law will impose a lifetime ban on possessing a firearm on individuals convicted of a felony-level violent crime. Prior law banned possession for the 10 years following release from supervision for the offense. In addition, the new law provides a process for an individual to petition to have his or her possession rights reinstated.

The new law appropriates about \$1.2 million in 2004-05 to the Department of Public Safety to implement this portion of the law.

The new law also contains several technical provisions relating to the Department of Natural Resources.

The law will remove a requirement that the commissioner employ three assistant commissioners; provide snowmobile, gun, boat, and ATV safety training reciprocity with other states; and address litter prevention in state parks, recreation areas, and highways. The law specifically cites that cigarette filters and debris from fireworks are offensive matter that destroys the cleanliness of the land under the state's litter laws. Those provisions are effective Aug. 1, 2003.

Rep. Tony Cornish (R-Good Thunder) and Sen. Pat Pariseau (R-Farmington) sponsored the new law. Rep. Lynda Boudreau (R-Fairbault) and Pariseau sponsored the original handgun legislation in HF261 and SF222.

HF823/SF842*/CH28

Hazardous duty expansion

Effective Aug. 1, 2003, a new law will expand the authority of hazardous materials teams in Minnesota.

Chemical assessment teams will be authorized to deal directly with the hazardous materials they encounter. Under current law, those teams are limited to only assessing the situation and performing certain defensive duties related to protecting the surrounding area while they call in emergency hazardous materials response teams to deal directly with the chemical threat.

By allowing the assessment teams to take simple mitigation actions on the materials themselves, the law alleviates potential problems caused by long response times from the emergency response teams.

The two types of teams specialize in different aspects of hazardous material situations, but officials said they have essentially the same training.

The state's Hazardous Materials Regional Response Team Program, directed by the Division of Emergency Management in the Department of Public Safety, consists of 10 chemical assessment teams and four emergency response teams. The teams are strategically located throughout the state to provide an immediate response to hazardous materials emergencies threatening public safety.

The new law also expands the definition of a hazardous material to substances intentionally released in connection with a criminal or terrorist act. Current statutes limit the definition only to accidentally released materials. The types of substances included in the definition will expand to include chemical and biological substances and toxic gasses, in addition to the explosive, corrosive, radioactive, and combustible substances already included.

Rep. Kurt Zellers (R-Maple Grove) and Sen. Dan Sparks (DFL-Austin) sponsored the legislation.

HF1066/SF941*/CH39

Tougher penalties for OSHA violations

A new law will increase penalties on employers who violate state occupational safety standards.

Effective Aug. 1, 2003, employers can be fined up to \$25,000 if a violation of state standards, rules, or orders results in the death of an employee.

In other circumstances, the new law may help protect small companies from bankruptcy by allowing the \$25,000 fine to be

broken up into five annual \$5,000 installments as long as the violation is not deemed to be willful or repeated. The state labor and industry commissioner can elect to waive the fine each year after the first if the employer is not cited for any more violations.

Businesses will be exempt from such fines if the owner or an employee with a controlling interest in the company is the one who dies.

Separate provisions of the law lengthen employee notice requirements by requiring employers to post notices of a citation at or near the place where a violation occurred for 20 days. Previous law required 15 days.

The law also removes the state health commissioner from a 12-member occupational safety and health advisory board. Rep. Tim Mahoney (DFL-St. Paul), House sponsor of the new law, said all health and safety inspectors have been transferred to the Department of Labor and Industry, so the health commissioner is no longer needed on the board.

Sen. Michele Bachmann (R-Stillwater) was the Senate sponsor.

HF817/SF1098*/CH38

Wireless space

A new law will facilitate use of county radio towers for wireless providers and will allow for the Rock County recorder to be appointed.

Effective Aug. 1, 2003, the law will allow the state's 87 county governments to rent space on county-owned radio towers and other property to commercial wireless service providers. It will also allow counties to place county public safety communications equipment on privately owned towers through lease agreements.

Public safety communications may include police, fire, highway maintenance, emergency medical service, local government, forestry conservation, and other communications as determined by a county board.

The law will also allow county-owned building rooftops and land to be made available to wireless service providers or other users to install antennas and equipment. The county could charge site use fees for the value of the property or structure and for the cost of public safety communications systems.

Another provision of the law will allow the Rock County Board of Commissioners to appoint its county recorder. The position is currently elected. A number of counties in recent years have sought new laws to allow the practice, citing the difficulty in finding qualified

individuals to hold the positions when they are subject to election and re-election.

The provision, which will take effect upon local approval, also provides that 10 percent of the registered voters in the county may file a petition to reverse the decision by referendum. The decision would be reversed if a majority of voters approved the referendum.

Rep. Tom Hackbarth (R-Cedar) and Sen. Leo Foley (DFL-Coon Rapids) were the sponsors.

HF317*/SF172/CH43

Expanding state fair police

A new law will allow the Minnesota State Fair to hire more part-time police officers, effective April 29, 2003.

The law authorizes the state fair's police department to employ up to 15 licensed, part-time police officers.

According to Rep. Steve Strachan (R-Farmington), House sponsor of the law, the provision will help the department provide police coverage for some events that occur on the fairgrounds throughout the year, including car shows, coliseum events, and special sales. During the regular fair time, he said, the department will still need a large number of officers from other departments to help on a part-time basis.

Sen. Sharon Marko (DFL-Cottage Grove) sponsored the Senate version.

HF268*/SF225/CH23

Redefining lighted vehicle lamps

Minnesota has required automobiles to display headlights when conditions create reduced visibility since the 1930s. Since 1990, vehicles have been required to display headlights during periods of rain, snow, sleet, or hail.

However, new automobile technologies, which provide for certain vehicles to operate all the time with lit headlights, created an unintended safety concern. Running headlights do not activate taillights.

A new law will require that vehicle lamps be lighted during times when visibility is reduced. It will amend state law to say that vehicle lights include both headlights and taillights.

Law enforcement officials testified that during periods of reduced visibility it's important



PHOTO BY TOM OLMSCHIED

Under a new law, any motor vehicle meeting a 25 mile-per-hour and frequent-stop standard, such as garbage and recycling collectors, will be exempted from the state's mandatory seatbelt law.

for drivers to see that they are following vehicles as well and that is difficult if the tail-lights aren't running.

Rep. Dan Severson (R-Sauk Rapids) and Sen. Michelle Fischbach (R-Paynesville) were the sponsors. The law is effective May 15, 2003.
HF1268*/SF791/CH45

Exemptions to seatbelt law

A new law will expand exemptions from the state's mandatory seatbelt law for occupants of certain commercial vehicles that make frequent stops.

The law, sponsored by Rep. Ron Erhardt (R-Edina) and Sen. Chuck Wiger (DFL-North St. Paul), will include any motor vehicle that makes frequent stops and does not travel faster than 25 miles per hour.

During committee testimony, Erhardt said that the bill is intended to aid residential garbage and recycling collectors, which tend to stop at several houses in a block. The requirement to buckle up and unbuckle for each stop was a great inconvenience, Erhardt said.

Effective Aug. 1, 2003, the new law will not be limited to garbage collectors, however. Any motor vehicle meeting the 25 mile-per-hour and frequent-stop standards will be exempted.

HF723*/SF456/CH92

Emergency vehicle blue lights

Effective Aug. 1, 2003, a new law will allow emergency vehicles to display blue lights.

Specifically, it will allow all emergency vehicles to place flashing blue lights to the front of the vehicle on the passenger side only. Prior law only allowed blue lights on snowplows and transportation maintenance equipment.

Rep. Dale Walz (R-Brainerd), House sponsor of the law, said that blue lights are more visible, particularly in inclement weather.

Sen. Carrie Ruud (R-Breezy Point) was the Senate sponsor.

HF314*/SF210/CH49

Identity theft

(See Crime, page 19)

Background check information

(See Crime, page 20)

Breath test accuracy

(See Crime, page 20)

Public safety radio compliance

(See Crime, page 20)

Arson penalties

(See Crime, page 21)

School funding

(See Education, page 22)

Additional nuclear storage

(See Energy, page 28)

Limiting arsenic in fertilizers
(See Environment, page 29)

Funding state departments
(See Government, page 32)

Abortion consent measure
(See Health, page 37)

Reporting medical errors
(See Health, page 37)

Defining commitment examiners
(See Health, page 38)

Disposing of bodies
(See Health, page 39)

Regulating social work licenses
(See Health, page 40)

Simplifying legal requirements
(See Human Services, page 48)

Terrorism coverage
(See Insurance, page 49)

Courts, corrections, safety funding
(See Law, page 50)

Broadcast immunity
(See Law, page 52)

Recuperating emergency costs
(See Local Government, page 53)

Common provisions
(See Taxes, page 63)

Funding for roads, transit
(See Transportation, page 64)

Security camera installers
(See Bills in Limbo, page 77)

Operators as essential employees
(See Bills in Limbo, page 82)

Increasing rural speed limits
(See Bills in Limbo, page 86)

Seatbelt 'gag' rule remains
(See Bills in Limbo, page 89)

Status check ID stalls
(See Bills in Limbo, page 91)

Crib safety
(See Bills in Limbo, page 91)

Focusing emergency response
(See Bills in Limbo, page 92)

Sprinkler plan doused
(See Bills in Limbo, page 92)

★ TAXES

Aid formulas, new taxing districts

The omnibus tax law was one of the major sticking points as the regular legislative session concluded and turned into the special session in 2003.

However, when all was done, the new law, among other things, features a change in the way cities receive local government aid, and creates some tax-free zones throughout the state to help economically distressed areas.

Rep. Ron Abrams (R-Minnetonka) and Sen. Lawrence Pogemiller (DFL-Mpls) sponsored the measure.

The following are some of the highlights in the law, effective July 1, 2003, unless otherwise noted.

2003 Special Session: HF7*/SFnone/CH21

Local government aid

A key part of the law is \$465 million in local government aid (LGA) to be paid to cities based on taxes payable in 2003 and \$437 million for 2004.

The longstanding program has two purposes — to reduce property taxes, and to bring equity to communities by providing state money for services, including police and fire, road maintenance, and parks.

By comparison, approximately \$586 million was certified for payments to cities in 2003. Gov. Tim Pawlenty's plan reduced the number to \$352 million for 2004.

The statewide average of local government aid in 2003 is \$150 per-capita, according to nonpartisan House researchers, with larger cities often receiving greater amounts and suburban areas receiving little if any aid.

Advocates said the aid is critical to communities with low population growth and low property values, as well as to large urban area with ever-growing problems of crime, lack of affordable housing, and good jobs. But critics said the previous formula was flawed because it distributes money based on previous spending habits. Part of the prior funding formula guaranteed cities their 1993 state allocation. However, the new law phases out the grandfathered aid. Only aid granted since 1995 for specific purposes is retained.

A new city aid formula will be implemented in 2004, under the law. It attempts to remove political factors, and to objectively measure a city's need versus its ability to raise revenues. For cities larger than 2,500 people, it calculates need for aid by assessing the following

factors:

- amount of housing constructed before 1940,
- population decline in the past 10 years,
- household size,
- average number of accidents on city streets in the past three years, and
- the city's status as either a metropolitan or non-metropolitan municipality.

In determining the need for aid for smaller cities, the formula continues to include the age of housing, population figures, and the percent of commercial and industrial property, as is the case in current law.

In determining a city's ability to raise money on its own, the law counts both the city's property tax base and its local option taxes. The law calls for calculating 50 percent of local government option sales tax revenues and incrementally higher percentages of any taconite tax aid a community receives. Under the law, 100 percent of taconite tax revenue will be considered as part of a city's ability to raise money by 2008. The tax is paid by mining companies in lieu of property taxes and is based on production. Revenues are then distributed to qualifying cities, towns, counties, and school districts. Previously, the taconite tax dollars were not considered as revenue when state aid to cities was calculated. (Art. 5, Secs. 3, 7-8, 10)

Other intergovernmental aids

The law implements a new need-based aid formula for counties beginning in 2005 and consists of two kinds of aid: need-based and equalization.

The need-based aid will be determined by the relative proportion of a county's age-adjusted population and the relative proportion of the county population receiving food stamps (40 percent each), and the relative proportion of part I crimes per capita in the county (20 percent).

Equalization aid is allocated, under the law, based on each county's tax-base equalization factor relative to the sum of all factors for all counties in Minnesota. The factor is defined as \$185 times the county population minus 9.45 percent of the county's net tax capacity. The formula also contains special provisions that affect counties with populations of less than 12,500 people and those with more than 500,000 residents.

If a county's aid loss, relative to a prorated amount based on current law, exceeds 3 percent of tax capacity, transition aid will be available. However, transition aid will be phased out over a three-year period. (Art. 6, Sec. 5)

Need-based aids payable to counties will be limited to \$100.5 million beginning in 2005 and tax-base equalization aid is capped at \$105 million. The automatic inflation factor for aid appropriations is repealed. (Art. 6, Sec. 6)

The law also provides for aid reductions for counties, townships, and special taxing districts in 2003 and 2004. (Art. 6, Secs. 10-15)

Property taxes

Those opposed to the new local government aid formula said that cities will simply increase their property taxes to make up the difference, thereby attempting to keep services status quo or reduce services, including police and fire protection.

However, the law restricts local property tax increases for 2004. It states that cities and counties can recover 60 percent of their reduced aid through higher property tax levies. No restrictions are imposed on local levies beyond 2004. (Art. 7, Sec. 3)

The law exempts baseball parks from property tax if they are owned and operated by a private, nonprofit charitable organization and are primarily used as a baseball park by amateur baseball players. The exemption already exists for ice arenas with similar ownership that are primarily used by youth and high school programs. (Art. 4, Sec. 1)

An elderly living facility in Minneapolis will be exempt from property taxes for the term of initial financing or 25 years, whichever is later. (Art. 4, Sec. 2)

A Southern St. Louis County Special Taxing District is created to operate, maintain, and improve the Chris Jensen Nursing Home, under the law. All assets and liabilities of the home are to be transferred from the county to the district on the first day it is created, but no later than Jan. 1, 2005. This section of law is effective the day after local approval by the county board. (Art. 4, Secs. 7, 12)

Tax-free zones

Under the law, the commissioner of the Department of Employment and Economic Development (formerly the departments of Trade and Economic Development and Economic Security) may designate up to 10 areas, dubbed job opportunity building zones, of up to 5,000 acres each in economically distressed rural areas. The zones may be divided into noncontiguous subzones, in one or more governmental areas.

In addition, the new law allows for the establishment of five agricultural processing facility zones, which are limited to the sites of

agricultural processing facilities themselves.

Proponents say the provisions could help jump-start economic development initiatives in parts of the state that are now struggling.

Qualifying zone businesses will forgo sales, income, and property taxes for up to 12 years and a refundable jobs credit is available for the portion of increased payroll that exceeds \$30,000 per year per full-time equivalent position. Individuals investing in the zone businesses would be exempt from applicable income and capital gains taxes. Designations will occur in 2003 and the tax reductions will be effective in 2004, although the commissioner may reserve some zones for designation in 2004.

The property tax exemption does not extend to land; commercial-industrial property, where neither the owner nor the lessee is a qualified business; debt service levies on general obligation bonds; and school-operating referenda approved by voters prior to designation of the zone. Cities and counties could opt to not provide exemption from their taxes. (Art. 1, Secs. 1-27)

Biotechnology and health science zones

One biotechnology and health science industry zone will also be designated, under the law.

Proffered by Pawlenty, the idea is to facilitate proper commercialization of the hundreds of discoveries every year at the University of Minnesota, the Mayo Clinic in Rochester, and at other research institutions.

Eligible facilities will include those researching, developing, or manufacturing a biotechnology product, medical device, or service, as well as those promoting, supplying, or servicing such a facility.

Qualifying businesses in the zone may be eligible for sales, corporate franchise, and some property tax exemptions, and job and research credits. In addition, certain property taxes are not exempt, consistent with provisions for other tax-free zones established in the law.

Unlike the job opportunity building zones, the total amount of state incentives for the biotechnology zone is limited to \$1 million. Although the biotechnology zone is valid for 12 years and tax exemptions will begin in 2004, as with the other tax-free zones, no money was appropriated for the biotechnology zone beyond the 2004-05 biennium. (Art. 2, Secs. 1-20)

Sales and use tax

The accelerated June sales tax payment will not be erased from the books on June 30, 2003, as had been previously planned. In addition

the amount of estimated June liability businesses must pay is increased from 75 percent to 85 percent.

Under the law, retailers with at least \$120,000 in annual sales tax collections must pay a percentage of their estimated June sales taxes two business days before June 30, the end of the state's fiscal year. The rest of the year they pay their taxes by the 20th day of the following month. This provision is effective for payments made after Dec. 31, 2003. The law also provides that an underpayment penalty may not be imposed if certain conditions are met. (Art. 8, Secs. 1, 3)

Sales tax proceeds collected by the Minnesota State Agricultural Society for admission to the premises or society-sponsored events conducted on the fairgrounds during the Minnesota State Fair will now go to the state's general fund, instead of being kept by the society for capital improvements to the fairgrounds. (Art. 8, Sec. 2)

A sales tax exemption for purchases made to improve the backbone system of a regionwide public safety radio communication system is extended two years to Aug. 1, 2005. (Art. 8, Sec. 4)

Materials, equipment, and supplies used in the expansion of the Walker Art Center in Minneapolis are exempt from sales taxes if more than \$70 million is raised from private sources to pay for a portion of the project. This is effective for purchases made after June 1, 2003. (Art. 8, Sec. 8)

The city of Duluth is authorized to use proceeds from the food and beverage tax and lodging tax for debt service on bonds used for capital improvements to the Duluth Entertainment and Convention Center and the Great Lakes Aquarium. The provision is effective the day after the Duluth City Council approves the plan. (Art. 8, Secs. 9, 10)

Itasca County may impose a local lodging tax, which will supersede any existing lodging tax within townships in the county and prohibit any town from imposing a tax in the future. This is effective the day after the county board gives its approval. (Art. 8, Sec. 16)

A study must be conducted by the revenue commissioner regarding local sales taxes. Among the topics the report, due to the Legislature by Feb. 1, 2004, must address are:

- the authorized uses of local sales taxes;
- local approval requirements;
- duration of the tax;
- estimated portion of the revenue raised from residents where the tax is imposed, state residents from outside the jurisdiction, and

non-Minnesotans; and

- how jurisdictions without local sales taxes raise revenues to fund projects similar to those funded through local sales taxes.

The report must also make recommendations on three areas:

- the appropriate role of local sales taxes in the state and local revenue system;
- criteria used to evaluate local sales tax proposals; and
- the feasibility of having the revenue commissioner approve or deny local sales tax proposals based on a uniform set of criteria. (Art. 8, Sec. 17)

Special taxes

A number of special taxes are provided for in the law.

Counties are required to remit the state's portion of the deed and mortgage registry taxes collected by June 25 and the estimated amounts to be collected the rest of the month to the revenue commissioner two business days before June 30. This takes effect Jan. 1, 2004. (Art. 9, Secs. 4-6)

The accelerated tax payment for cigarette, tobacco, and liquor products distributors, which had not been in effect since 2001, are reinstated, effective Jan. 1, 2004. The 85 percent rate exceeds that required in earlier years, and an underpayment penalty is also provided. (Art. 9, Secs. 7-9, 13)

A special tax rate of 2 cents per liter on low-alcohol dairy cocktails is also initiated, under the law. (Art. 9, Secs. 11-12)

Local economic development

The law contains \$1.5 million for border city enterprise zone and border city development zone tax reductions. The five cities that qualify are Moorhead, Dilworth, East Grand Forks, Breckenridge, and Ortonville. This section is effective June 9, 2003. (Art. 10, Sec. 1)

The law also contains a handful of provisions dealing with tax increment financing (TIF) districts. For example, a qualifying disaster area can qualify for designation as a redevelopment TIF district; a development authority is permitted beginning June 9, 2003, to extend the duration of a pre-2001 district to offset deficits caused by property tax changes in 2001; and the city of New Hope is permitted to establish one or more redevelopment or soils condition TIF districts in a specifically described portion of the city. (Art. 10, Secs. 3, 8, 10)

Other provisions

The law creates a \$300 million budget

reserve on July 1, 2003, and adds \$296 million to the budget reserve fund one year later. The dollars come from the general fund. (Art. 11, Sec. 3)

The Legislative Coordinating Commission has until Dec. 31, 2004, to complete a study on alternative methods of taxing businesses. (Art. 11, Sec. 30)

An appropriation of \$100,000 each year will be directed to one or more nonprofit organizations for the coordination and provision of taxpayer assistance services. (Art. 11, Sec. 34)

In addition, the law includes updates to state law in order to conform with provisions of the federal Jobs Growth and Tax Relief Reconciliation Act passed by Congress in 2003.

Under the law, the standard income tax deduction for married couples filing joint returns will increase to 200 percent of the standard deduction for single filers. (Art. 3, Sec. 2)

In addition, provisions concerning business deductions of capital assets and depreciation were adjusted to conform with the federal act. The new law will allow a business to deduct 50 percent of the cost of an asset the year it is placed in service and the remaining 50 percent according to a depreciation schedule. Previously, companies could deduct 30 percent in the first year and the remaining 70 percent according to depreciation.

Capital assets include such things as manufacturing equipment, motor vehicles, office equipment, and similar items.

In addition, business will be allowed to deduct up to \$100,000 worth of capital assets in the year they were purchased. Previously, that limit was \$25,000. In addition, the new law phases out that deduction for businesses with more than \$400,000 in income.

Common provisions

A new law initially part of the House omnibus tax bill moved forward on its own. It enacts a number of policy-related tax provisions.

One provision will allow counties to sell bonds to help construct the statewide public radio system.

Already in place in the Twin Cities metropolitan area, the system allows law enforcement and public safety agencies to communicate via radio without going through a dispatcher. Varying radio frequencies and differing equipment limit such capabilities currently. Installation of the system backbone throughout the state is estimated at \$201 million.

The law includes separate provisions that will better align the state estate tax law with its federal companion, and offer discounts to select taxpayers to encourage payment of past-due taxes (HF540).

Other provisions include:

- HF1573, requiring the state to develop a handbook detailing the procedures, responsibilities, and requirements for local boards of appeal and equalization. Under current law, each city and township is required to convene such boards to hear complaints and appeals on property tax appraisals and property taxes.
- HF1199, charging cigarette distributors 35 cents per pack if those cigarettes were manufactured by any company other than one of the five that have a settlement agreement with the state. Under the State v. Philip Morris Inc., those companies are Philip Morris, R.J. Reynolds, Lorillard, Brown & Williamson, and Liggett & Myers.
- HF929, expanding the Metropolitan Mosquito Control District to include western Carver County and allowing private property entry, despite owner objection, to determine the need for control and actual action against disease-carrying mosquitoes, ticks, and black gnats. A conference committee compromise calls for giving objecting property owners 24-hour spraying notice.
- HF597, allowing the city of Duluth's economic development authority to create a 25-year tax increment financing district for an aircraft maintenance facility. The city hopes to woo Bombardier Aerospace, the world's third largest civil airframe manufacturer.

In addition, most measures in the House public finance bill, which was originally approved May 14, were included in the law.

Rep. Ron Abrams (R-Minnetonka) and Sen. Larry Pogemiller (DFL-Mpls) were the sponsors. It is generally effective May 26, 2003, but individual provisions may take effect at other specified times.

HF1565/SF1505*/CH127

Cigarette tax proposal falters
(See Bills in Limbo, page 92)

Vehicle tax break
(See Bills in Limbo, page 93)

Tax haven countries
(See Bills in Limbo, page 93)

Market value issues
(See Bills in Limbo, page 93)

Delayed payment
(See Bills in Limbo, page 94)

Small resort assistance
(See Bills in Limbo, page 94)

Gas tax, local sales tax options
(See Bills in Limbo, page 95)

TECHNOLOGY



Fair phone competition
(See Consumers, page 17)

Public safety radio compliance
(See Crime, page 20)

Public and private data
(See Government, page 34)

Disposing of bodies
(See Health, page 39)

Extended testing time
(See Industry, page 48)

Wireless space
(See Safety, page 59)

Aid formulas, new taxing districts
(See Taxes, page 61)

Small school aid
(See Bills in Limbo, page 78)

Vehicle tax break
(See Bills in Limbo, page 93)

Nanotechnology institute
(See Bills in Limbo, page 94)

Electronic library access
(See Bills in Limbo, page 94)

Surcharge for student learning
(See Bills in Limbo, page 94)

TOURISM



Earlier school year start
(See Bills in Limbo, page 79)

★ TRANSPORTATION

Funding for roads, transit

A \$3.79 billion transportation finance law will provide funding for road projects, transit, and the departments of Transportation and Public Safety, effective July 1, 2003.

It includes funding for the operation of the Hiawatha light-rail transit line, set to begin operations in early 2004, as well as additional trunk highway bonding for highway projects. It also establishes a permit fee structure for bars and restaurants serving alcohol to stay open until 2 a.m., provides a funding stream for additional state troopers, and allows single-occupant vehicles to use high-occupancy vehicle lanes by paying a fee.

Rep. Bill Kuisle (R-Rochester) and Sen. Dean Johnson (DFL-Willmar) sponsored the law. Here are a few highlights.

2003 Special Session: HF5*/SFnone/CH19

Transportation, public safety funding

The law allocates about \$3.4 billion to the Department of Transportation, including operations, maintenance, and construction in the state highway, county state aid highway, and municipal state aid road systems. (Art. 1, Sec. 2)

The law accounts for about \$72 million in budget reductions to the department for the biennium to finance additional construction dollars provided in the law. Among its functions, the department facilitates construction projects by giving engineering support and

provides maintenance for the state highway system, including striping, repair, lighting, and snow plowing.

Nearly \$236 million for the Department of Public Safety is provided, as well. It funds transportation-related functions of the department, including driver and vehicle services, other administrative services, traffic safety, and the state patrol. (Art. 1, Sec. 4)

In addition, the law requires the commissioners of both departments to report each year regarding the impact of cuts to base budgets in the departments and the specific impacts those reductions had. The report must specifically identify the number of positions affected, either by attrition or layoff. (Art. 1, Secs. 2, 4)

Additional funds, advance construction

Included in the law is authorization for the state to sell \$400 million in trunk highway bonds, to be financed through budget reductions to the Transportation Department. The proceeds from the bonds will be used for additional road construction projects. The funds must be distributed, to the extent possible, evenly between bottlenecks in the Twin Cities metropolitan area and inter-regional corridors in Greater Minnesota, according to the law.

As the department determines which projects to include, it must prepare a report annually through 2007 to the Legislature, under the law. (Art. 3, Sec. 1)

In addition, the new law allows the state to spend up to \$400 million in additional trunk highway improvements, from funds approved by the Federal Highway Administration through fiscal year 2009 and designated as advance construction dollars. (Art. 3, Sec. 3)

Transit funding, improvements

For metropolitan transit, the law will provide about \$114.7 million for the biennium, about \$16 million below 2002-03 levels. In addition, the Transportation Department will receive \$31.9 million for Greater Minnesota transit operations, reflecting a cut of \$3.6 million in general fund appropriations for the biennium. (Art. 1, Secs. 2, 3)

The new law establishes the funding formula for the Hiawatha light-rail transit line, set to begin operations in 2004: 50 percent from the state, or about \$6.7 million in 2004-05, and 50 percent from Hennepin County's regional rail authority.

The law will increase dedication of 20.5 percent of motor vehicle sales taxes to metropolitan transit up to 21.5 percent through fiscal year 2007. The greater Minnesota transit fund's share of the sales tax revenues will rise from 1.25 to 1.43 percent. Both percentages will revert to the former level beginning in fiscal 2008. (Art. 2, Sec. 48)

Other transit-related issues include the following:

- the Transportation Department will study the feasibility of a bus rapid transit system along Interstate 35W between Minneapolis and Lakeville (Art. 2, Sec. 71);
- the department will provide up to \$350,000 from Oct. 1, 2003 to Sept. 30, 2004 to operate the Northstar commuter coach bus from Elk River to Minneapolis if the local authority provides a local match to replace federal funding (Art. 1, Sec. 2);
- a work group will be convened between the department and the Northstar development authority to study the feasibility of the commuter rail line from Rice to downtown Minneapolis, including ridership forecasts and information from the Burlington Northern Santa Fe Railroad (Art. 2, Sec. 75);
- the southwest transit corridor, in the southwestern Twin Cities metropolitan area, will be prohibited from pursuing a rail transit option for two years (Art. 2, Sec. 74); and
- the Metropolitan Council will be required to request proposals from internal staff and private vendors to operate the Hiawatha light-rail transit line. (Art. 2, Sec. 72)

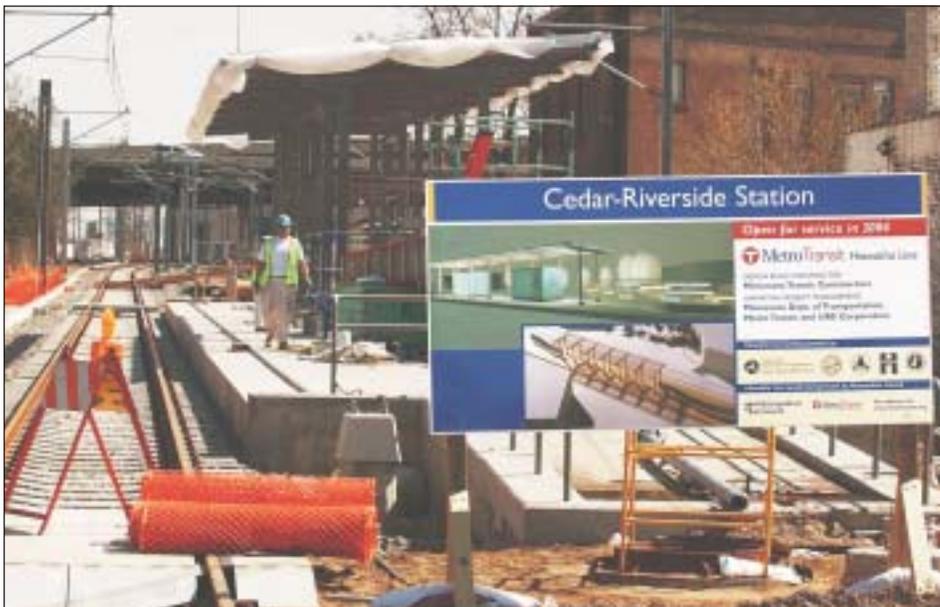


PHOTO BY TOM OLMSCHEID

A new law establishes the funding formula for the Hiawatha light-rail transit line, set to begin operations in early 2004. The plan calls for 50 percent from the state and 50 percent from Hennepin County's regional rail authority. The line will run from downtown Minneapolis to the Mall of America in Bloomington.



PHOTO BY TOM OLMSCHIED

A new law authorizes the state to sell \$400 million in trunk highway bonds, financed through budget reductions to the Transportation Department. Bond proceeds will be used for additional road construction projects.

Alcohol enforcement procedures

A 2003 regular session law extended the deadline for on-sale alcoholic beverages from 1 a.m. to 2 a.m. (See related story, page 15.) In this law, the process by which establishments obtain a permit for the extended time and the disbursement of the money is established. (Art. 2, Secs. 50, 58, 59)

A business may sell alcoholic beverages from 1 a.m. to 2 a.m. if it already has an on-sale liquor licenses and obtains an additional permit. The fee for the permit is based on the following scale:

- \$200, for businesses making up to \$100,000 in annual gross receipts;
- \$500, for businesses making between \$100,000 and \$500,000 in gross receipts;
- \$600, for businesses making more than \$500,000 in gross receipts; and
- \$200 for bottle clubs and establishments with only a 3.2 beer license.

Money collected from the permits will be deposited in an alcohol enforcement account. The law appropriates up to \$3.5 million in 2004 and \$3.7 million in 2005 from the account to fund additional state patrol positions. Officials estimated the money could support between 40 and 50 new troopers.

In addition, the law adjusts the effective date of the later bar closing time and makes it effective July 1, 2003. (Art. 2, Sec. 78)

HOVlanes

The state Department of Transportation may allow single-occupant vehicles to use high-occupancy vehicle lanes upon paying a fee to do so, effective June 9, 2003. The department must first obtain federal authorization before allowing the practice. (Art. 2, Sec. 7)

Funds collected will be used to cover implementation costs and the remainder will be used for transportation and transit improvements in the corridor.

The plan will specifically affect the Interstate 394 and 35W corridors in the Twin Cities metropolitan area now. Other corridors may be governed by the policy in the future.

Special license plates

The law establishes a new policy for granting special license plates. (Art. 2, Sec. 23)

When a group plans to seek legislation for a new special plate, it must also submit a description of the proposal, a survey showing that at least 10,000 vehicle owners will purchase the plate, an application fee to cover the cost of developing the plate, and a marketing plan to the Department of Public Safety.

In addition, the law provides that a plate will be discontinued if fewer than 1,000 are registered within the first five years after authorization or any subsequent five-year period.

Evaluating insurance coverage

In an effort to address Minnesota's high rate among its neighbors of uninsured motorists, the new law will require the Department of Public Safety to conduct a monthly sampling of licensed drivers who own vehicles in order to determine whether they are insured. The

sample must represent 2 percent annually of all licensed drivers owning vehicles. (Art. 2, Sec. 30)

Half of the sample must be random. The other half must be targeted at drivers who have been convicted of an insurance violation, have had their license privileges suspended or revoked for repeated traffic violations, or had no insurance at the time of an accident, within the previous year.

The sampling will involve sending the driver a request for proof of vehicle insurance. The driver would have 30 days to submit the information, which would then be sent by the state to the insurance company for verification.

Other policy provisions

Several transportation-related policy provisions will also be adjusted under the law.

Speed limits in school zones may be set at 30 miles per hour below the existing speed limit on a road. State statute sets the minimum speed limit on any road at 15 mph. (Art. 2, Sec. 27)

School buses operated by licensed child-care providers must adhere to restrictions placed on 15-passenger buses being operated without a special driver's license. In addition, anyone ever convicted of an offense that would also lead to cancellation of a school bus license would be prohibited from operating 15-passenger buses or child-care buses. (Art. 2, Secs. 28, 38)

The new law requires the department to prepare a forecast of revenues and expenditures in the highway user tax distribution and trunk highway funds twice per year. (Art. 2, Sec. 41)

Property owners may be reimbursed up to



PHOTO BY ANDREW VONBANK

After gaining federal approval, the state Department of Transportation may allow single-occupant vehicles to use high-occupancy vehicle lanes upon paying a fee to do so, under a new law. The plan will specifically affect the Interstate 394 and 35W corridors in the Twin Cities metropolitan area.

\$1,500 for appraisals when property is purchased by the department. The prior limit was \$500. (Art. 2, Sec. 4)

Further study required

Several studies are required under the law, including the use of rumble strips on the centerline of state and county highways statewide. (Art. 2, Sec. 68)

The law also calls for a study of the state's rest area program, specifically the adequacy of funding, the number of closings planned and facilities with reduced hours, and steps taken to lease rest areas to private entities for operation. (Art. 2, Sec. 67)

Replacing displaced railroad land

Occasionally, a state road construction project will require the state Department of Transportation to acquire land and relocate railroad tracks. When that happens, typically the department will acquire the land and pay the costs associated, which may be time consuming and expensive for the department, officials say.

A new law is intended to streamline that process, according to its House sponsor, Rep. Doug Magnus (R-Slayton).

During committee testimony, Transportation Department officials said that the law won't substantially change current practice, except that the department will not be required to acquire the replacement land. Under the law, the department may simply reimburse the railroad for the cost of the replacement land as an alternative to the department providing the land itself. The choice between the two options will be decided jointly by the railroad and the department.

The new law takes effect Aug. 1, 2003. It was sponsored in the Senate by Sen. Mike McGinn (R-Eagan).

HF988*/SF1038/CH102

State highway transfers

Each year, the state Department of Transportation reviews the state's highway system to assure that each road still serves specific statewide purposes. As a result, the department recommends that some roads be turned back to local communities.

The law accomplishing that task this year is effective Aug. 1, 2003.

The new law, sponsored by Rep. Bill Kuisle (R-Rochester) and Sen. Jim Vickerman

(DFL-Tracy), will change the status of the following roads in the designated trunk highway system:

- changes the description of a road near Rochester between U.S. Highway 14 and Interstate 90 that was inadvertently misidentified in 2001,
- transfers highway 266 near Worthington to Nobles County,
- transfers highway 273 near Belview to Redwood County, and
- vacates highway 302 between Sauk Centre and the former Minnesota Home for Girls, no longer operated by the state.

During committee discussion, Betsy Parker, assistant director of government relations for the department, explained the legal provisions governing the trunk highway system. She said that the system was limited to 12,200 miles in 1920, and that the state assumes responsibility for constructing and maintaining larger roads connecting more traffic.

The governing philosophy, she said, also dictates that smaller roads between local communities should be locally maintained.

Parker also testified that turnbacks designated in the measure all receive the consent of the local government either via resolution or memorandum.

2003 Special Session: HF30*/SF34/CH22

\$231 million law signed

(See Bonding, page 10)

'Hogs, frogs, and jobs'

(See Budget, page 12)

2003 adjustments

(See Budget, page 14)

Claims bill vetoed, revived

(See Government, page 35)

Redefining a displaced person

(See Housing, page 44)

Increasing rural speed limits

(See Bills in Limbo, page 86)

Abolishing rail authorities

(See Bills in Limbo, page 90)

Gas tax, local sales tax options

(See Bills in Limbo, page 95)

License fee revenue

(See Bills in Limbo, page 95)

VETERANS



Limiting records

A new law will restrict who can have access to the discharge records of Minnesota veterans.

Effective Jan. 1, 2004, the law will classify certificates of discharge as private information and require the Department of Veterans Affairs to give out the information only if the person requesting the information proves their identity, has a tangible interest in the information, and fills out a release form.

The law limits the people who have a tangible interest as the following:

- the veteran themselves,
- a surviving spouse,
- a surviving child,
- a surviving parent, or
- a guardian of the veteran.

No fee can be charged for the service.

A representative from the Department of Veterans Affairs told a House committee that any person can currently walk into the department and request someone's discharge papers. Private information, such as a social security number, is included on the papers and can be used to steal a person's identity.

Under state law, discharge information becomes public 10 years after a veteran dies and 30 years after the information was created.

The law's contents were also part of in the House omnibus data practices law. (See related story, page 34.)

Rep. Jeff Anderson (R-Austin) and Sen. Steve Murphy (DFL-Red Wing) sponsored the legislation.

HF768*/SF1039/CH124

Historic Victory Memorial Drive

Minnesota will have a new historic district effective Aug. 1, 2003: Victory Memorial Drive, a road bordering Minneapolis and Robbinsdale.

Established in 1921 as a memorial to World War I veterans, the drive is one of the largest such memorials in the country.

Originally, 568 elm trees were planted in straight military-style rows in memory of fallen soldiers from Hennepin County. In 1928, a marker was placed in front of each tree with the name, rank, and company of a soldier. Dutch Elm disease forced some trees to be cut down and replanted.

As a result of the historic designation, the road may now be eligible for preservation



PHOTO BY TOM OLMSCHIED

Victory Memorial Drive in Minneapolis is designated a historic district, under a new law. The designation means that the road may now be eligible for preservation grants to help maintain it as a memorial.

grants to help maintain it as a memorial.

According to the law, "Victory Memorial Drive Historic District in Hennepin County is comprised of the drive extending from Lowry Avenue North on the south to Humboldt Avenue North on the east, and all property associated with the drive owned by the Minneapolis Park and Recreation Board, including the Lincoln Statue area and the Flagpole Memorial area."

Rep. Joe Mullery (DFL-Mpls) and Sen. Linda Higgins (DFL-Mpls) were the sponsors. HF456*/SF511/CH30

Hmong memorial

A memorial to honor Hmong veterans who fought for the United States in the Vietnam

War is now eligible for a home in the Capitol Complex, under a new law.

Rep. Cy Thao (DFL-St. Paul), who sponsored the law with Sen. Steve Murphy (DFL-Red Wing), assured members during an earlier House floor session the cost of the statue would come from the Hmong community with no state funding. The Capitol Area Architectural and Planning Board will oversee the project.

Thousands of Hmong individuals were trained by the Central Intelligence Agency to fight in association with the United States against the expansion of communism in Laos.

Hmong soldiers risked everything, including their lives, to gather intelligence, rescue American downed pilots behind enemy lines,

cut off communist supply lines in South Vietnam, and confront communist elements in Laos to maintain neutrality, officials say.

The law is effective Aug. 1, 2003. HF1335/SF1282*/CH69

Program eligibility

The Minnesota Department of Veterans Affairs serves more than 427,000 veterans, and the State Soldier's Assistance Program is one of the ways the department helps those who have served.

The program provides temporary assistance for veterans and their families in many ways: rent/mortgage payments, utilities, dental and optical benefits, education, clothing needs, and cash grants.

Modeled after the definition used for Medical Assistance and General Assistance Medical Care, a new law clarifies who is a Minnesota resident in order to determine if a person qualifies for the program. By definition in the new law, a person must have lived in Minnesota for at least 30 days with the intention of making the person's home in the state and not for temporary purposes to take advantage of the benefits.

Additionally, the individual may be required by the department to prove residency by presenting a valid state driver's license, a state identification card, a voter registration card, a rent receipt, or a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address.

In 2001, 2,032 Minnesotans received a cumulative \$1.5 million in assistance through the program.

Rep. Tony Kielkucki (R-Lester Prairie) and Sen. Julie Rosen (R-Fairmont) sponsored the legislation, effective April 18, 2003.

HF912/SF1095*/CH18

Selected New, Adjusted Fees Adopted in 2003

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
Agriculture						
Board of Animal Health inspection fee for animals subject to surveillance Chronic Wasting Disease		\$10 per animal, up to \$100 per herd	128	3	10	7/1/03
Business						
2 a.m. bar time license extensions, annual fees						
Up to \$100,000 in gross sales		\$200	SS19	2	59	7/1/03
From \$100,000 to \$500,000		\$500	SS19	2	59	7/1/03
\$500,000 and above		\$600	SS19	2	59	7/1/03
Retail food handler license, based on gross sales	\$48 to \$962	\$50 to \$2,001	128	3	28	7/1/03
Wholesale food handler license, based on gross sales	\$54 to \$692	\$57 to \$1,502	128	3	28	7/1/03
Wholesale food processor or manufacturer license, based on gross sales	\$161 to \$963	\$169 to \$2,571	128	3	28	7/1/03
Coin-operated vending machine inspection fee, per machine	\$15	\$25	128	3	30	7/1/03
Children						
Background studies for family and group child-care facilities		Up to \$100	SS14	6	9	7/1/03
Licensing inspections for family and group child-care facilities		Up to \$150	SS14	6	9	7/1/03
Application fee for initial license or certification for family and group child-care facilities		\$500	SS14	6	9	7/1/03
Annual license fee for licensed child-care facility (based on size of facility) from 1 child to 225 or more children		\$300 to \$2,000	SS14	6	9	7/1/03
Annual license fee for other licensed care facilities (based on size of facility) from 1 person to 225 or more people		\$400 to \$3,000	SS14	6	9	7/1/03
Education						
Fee for certifying an online learning provider		Up to \$250	SS9	2	20	9/2/03
Teacher license processing fee	\$47	\$57	SS9	10	5	7/1/03
Employment						
Apprenticeship registration fee		\$30	128	11	7	7/1/03

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
Environment						
Fee to operate aeration system on public waters		\$250	128	1	118	7/1/03
Aquatic plant harvesting permit	\$200	\$750	128	1	119	7/1/03
Septic tank installation fee, charged to installer, per tank		\$25	128	1	124	7/1/03
Water quality permit fee	\$240	\$350	128	2	53	7/1/03
Family						
Marriage license fee	\$70	\$80	128	12	3	7/1/03
Gambling						
Annual charitable gambling license		\$350	SS1	2	89	7/1/03
Annual gambling equipment distributor license	\$3,500	\$6,000	SS1	2	91	7/1/03
Annual gambling equipment salesperson license		\$100	SS1	2	91	7/1/03
Annual gambling equipment manufacturer's license	\$5,000 initial, \$10,000 per renewal	\$9,000	SS1	2	94	7/1/03
Annual bingo hall license	\$2,500	\$4,000	SS1	2	96	7/1/03
Annual lawful gambling establishment permit	\$75 to \$200	\$150	SS1	2	97	7/1/03
Annual linked bingo provider license		\$5,000	110		20	8/1/03
Government						
Senior accredited assessor license		\$105	SS1	2	79	7/1/04
Accredited assessor license		\$80	SS1	2	79	7/1/04
Certified assessor specialist license		\$65	SS1	2	79	7/1/04
Certified assessor license		\$55	SS1	2	79	7/1/04
Fee for written opinion on Minnesota Open Meeting Law from Department of Administration		\$200	SS8	2	1	7/1/03
Higher Education						
Registration fee for private, post-secondary institutions	\$550	\$1,100	133	2	17	7/1/03
Renewal fee for private, post-secondary institution registration	\$400	\$950	133	2	17	7/1/03

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
Law						
Tax Court - small claims	\$25	\$150	SS2	2	1	7/1/03
General Courts						
Civil filing fee	\$135	\$235	SS2	2	2	7/1/03
Subpoena, per name	\$3	\$12	SS2	2	2	7/1/03
Filing a motion or response to such in a civil, family, or guardianship case (excluding child support)		\$55	SS2	2	2	7/1/03
Issuing other court orders	\$10	\$40	SS2	2	2	7/1/03
Transcript of judgment	\$7.50	\$30	SS2	2	2	7/1/03
Filing trusteeship accounts	\$10	\$40	SS2	2	2	7/1/03
Deposit of a will	\$5	\$20	SS2	2	2	7/1/03
Recording a notary commission	\$25	\$100	SS2	2	2	7/1/03
Conciliation Court – all actions	\$25 or \$35	\$50	SS2	2	3	7/1/03
Appellate Court						
General filing fee	\$250	\$500	SS2	2	4	7/1/03
Criminal Court						
Public defender copayment for felony defense	\$28	\$200	SS2	3	4	7/1/03
Public defender copayment for gross misdemeanor defense	\$28	\$100	SS2	3	4	7/1/03
Public defender copayment for misdemeanor defense	\$28	\$50	SS2	3	4	7/1/03
Public defender copayment for juvenile matters - child	\$28	\$100	SS2	3	4	7/1/03
Public defender copayment for juvenile matters - adult	\$28	\$200	SS2	3	4	7/1/03
Recreation						
Off-highway vehicle registration renewal, duplicate, or replacement card filing fee	\$2	\$4.50	128	1	24, 25	7/1/03
Off-highway vehicle registration or registration transfer filing fee	\$2	\$7	128	1	24, 25	7/1/03
All-terrain vehicle registration renewal, duplicate, or replacement card filing fee	\$2	\$4.50	128	1	29	7/1/03
Three-year all-terrain vehicle registration fee (before Jan. 1, 2005)		\$23	128	1	30	7/1/03
Three-year all-terrain vehicle registration fee	\$23	\$30	128	1	30	1/1/05
Annual state park permit	\$20	\$25	128	1	45	7/1/03
Second vehicle annual state park permit	\$15	\$18	128	1	45	7/1/03
Daily state park permit	\$4	\$7	128	1	45	7/1/03
Daily state park vehicle permit for groups	\$2	\$5	128	1	45	7/1/03
Watercraft registration renewal, duplicate, or replacement card filing fee	\$2	\$4.50	128	1	47	7/1/03

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
Watercraft registration or registration transfer filing fee	\$2	\$7	128	1	47	7/1/03
Watercraft title fee	\$3.50	\$7	128	1	48	7/1/03
Adult (18 and older) resident small game hunting license	\$12	\$12.50	128	1	58	1/1/04
Adult (16 and older) resident deer firearm or archery hunting license	\$25	\$26	128	1	58	8/1/03
Resident two-deer open season license	\$75	\$78	128	1	58	7/1/03
Resident license to take antlered deer in more than one zone	\$50	\$52	128	1	58	8/1/03
Youth (age 12 to 15) resident deer firearm or archery hunting license	\$25	\$13	128	1	58	8/1/03
Non-resident deer firearm or archery hunting license	\$125	\$135	128	1	59	8/1/03
Non-resident license to take deer in more than one zone	\$250	\$270	128	1	59	8/1/03
Annual small game license surcharge	\$4	\$6.50	128	1	60	3/1/04
Migratory waterfowl hunting stamp	\$5	\$7.50	128	1	61	3/1/04
Pheasant hunting stamp	\$5	\$7.50	128	1	61	3/1/04
Resident Lake Superior fishing guide license	\$35	\$125	128	1	63	3/1/04
Non-resident Lake Superior fishing guide license	\$140	\$400	128	1	63	3/1/04
Minnow dealer license	\$100	\$310	128	1	64	3/1/04
Minnow retailer license	\$15	\$47	128	1	65	3/1/04
Private fish hatchery license, annual sales less than \$200	\$35	\$70	128	1	67	3/1/04
Private fish hatchery license, annual sales of \$200 or more	\$70	\$210	128	1	67	3/1/04
Commercial fish netting license, inland waters	\$90	\$120	128	1	68	3/1/04
Commercial fish netting license, for residents netting in Lake Superior; Lake of the Woods; Rainy, Namakan, and Sand Point Lakes; the Mississippi River from St. Anthony Falls to the St. Croix River; and in the Wisconsin boundary waters from Lake St. Croix to the Iowa border	\$50	\$120	128	1	68	3/1/04

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
Safety						
Application fee for new handgun permit		Up to \$100	28	2	8	5/28/03
Handgun permit renewal fee		Up to \$75	28	2	11	5/28/03
Fingerprint-based, non-law enforcement background check handling fee		\$7	SS2	4	7	7/1/03
Fingerprinting for employment licensing		\$10	SS2	4	8	7/1/03
Monthly fee for Internet/dial-up access to criminal justice information system		\$35	SS2	4	9	7/1/03
Internet fee for criminal justice agencies		\$15	SS2	4	9	7/1/03
Alcohol industry permits and ID card	\$15	\$35	SS2	4	23	7/1/03
Indoor fireworks display		\$150	SS2	4	28	7/1/03
Criminal traffic offense surcharge	\$35	\$60	SS2	8	6	7/1/03
Surcharge for certain non-local parking offenses		\$3	SS2	8	6	7/1/03
911 surcharge, per customer, per month	33 cents	40 cents	SS1	2	108	7/1/03
Taxes						
Tax preparers' fee, per return, for filing more than 100 paper returns		\$5	SS1	2	81	7/1/03
Fee per cigarette, paid by cigarette manufacturers not part of a tobacco settlement agreement with the state		\$1.75	127	14	9	7/1/03
Transportation						
Sequential double license plate	\$3	\$4.25	SS19	2	22	7/1/03
Sequential special license plate - double	\$4	\$7	SS19	2	22	7/1/03
Sequential single license plate	\$2	\$3	SS19	2	22	7/1/03
Sequential special license plate – single	\$3	\$5.50	SS19	2	22	7/1/03
Self-adhesive license plate		\$2.50	SS19	2	22	7/1/03
Duplicate sticker		\$1	SS19	2	22	7/1/03
Motor vehicle transfer fee	\$2	\$3	SS19	2	25	7/1/03
Original motor vehicle title	\$2	\$3	SS19	2	26	7/1/03
Transfer of ownership and issuance of new title	\$2	\$3	SS19	2	26	7/1/03
Reinstatement fee for driver's license revoked for drunken driving violation	\$380	\$430	SS19	2	40	7/1/03

Governor vetoes 3 bills

Editor's Note: A total of 156 bills reached the governor's desk during the 2003 Legislative Session.

The governor vetoed two bills in full and line-item vetoed an appropriation from one more measure.

The summaries in this section give brief descriptions of each bill vetoed and some of the reasons for the governor's actions.

The bills are divided into two categories: full vetoes and line-item vetoes. Within the two categories, the bills are arranged alphabetically by topic.

Once a bill has passed both the House and the Senate in identical form, it is sent to the governor. The governor has several options when considering a bill. The governor can sign the bill and it will become law; veto the bill; or line-item veto individual items within an appropriations bill.

During the first year of the biennium the governor has three days from the time of "presentment" to veto a bill. If the governor does not sign the bill within this time frame, it will become law without his signature. (Sundays are not counted in the three-day time limit, but holidays are.)

For bills passed during the last three days of the second year of a biennium (even-numbered years), however, the governor has 14 days from "presentment" during which he can use his veto authority. If the governor takes no action on a bill during this time, the bill is vetoed in what is called a "pocket veto." These same rules govern special session bills.

Vetoed bills are returned to the body of origin, and the House and Senate may attempt to override. A two-thirds vote in each house is needed to override a veto (90 votes in the House and 45 votes in the Senate). Those bills remain alive until the close of the biennial session during the even-numbered year.

The governor can exercise line-item veto authority on appropriations bills only. This option allows the governor to eliminate appropriation items to which he or she objects. As with all vetoes, the governor must include a statement listing the reasons for the line-item veto with the returned bill.

A specific listing of the sections of bills that were line-item vetoed is included in the Summary section, which begins on page 97.

The governor's veto authority is outlined in the Minnesota Constitution. (Art. IV, Sec. 23)

Line-item Veto

★ AGRICULTURE

Pesticide fund transfer rejected

Gov. Tim Pawlenty line-item vetoed an agriculture-related provision out of a new law that will direct some \$636 million from the state's general fund toward agriculture, economic development, and the environment.

The provision would have transferred \$400,000 during the next biennium from the Department of Agriculture's pesticide regulatory account to the Agriculture Utilization and Research Institute commonly referred to by its acronym AURI.

The institute is a nonprofit corporation created to develop new markets and products, particularly value-added items, for Minnesota agricultural products. It assists entrepreneurs along every product development step, from research to marketing.

The Agriculture Department is the state's lead agency for pesticide application licensing and monitoring. Fees and penalties collected through the department's efforts are deposited in a pesticide regulatory account.

"Transferral of this money would lead to fund insolvency necessitating consideration of a fee increase or core service reduction," according to a press release issued by the governor's office. "The program plays a vital role in addressing pesticide misuse, monitoring water quality, worker protection, spill and emergency responsiveness."

The veto does not alter a \$3.2 million appropriation to the institute from the state's general fund.

The measure was sponsored by Rep. Dennis Ozment (R-Rosemount) and Sen. Steve Murphy (DFL-Red Wing).

HF967/SF905*/CH128

Full Vetoes

★ ENVIRONMENT

Wetlands dispute vetoed

Gov. Tim Pawlenty exercised his veto authority for the first time on a bill that would have authorized the payment of \$188,950 in various claims against the state.

Each year, a joint House-Senate Subcommittee on Claims meets to determine which

petitions will be funded. All state agencies are eligible to receive funding to cover the claims.

However, the bill, minus the offending provision, was later revived in the special session and signed into law by the governor.

According to the governor's veto message, the sticking point in the bill was a provision that would have reimbursed the Bode family of Nicollet, Minn. up to \$26,000 to restore a drain tiling system. The Department of Natural Resources (DNR) had twice removed the system in a dispute over a wetlands designation on a small parcel of land on the family farm.

The Bodes and the DNR have been at odds for more than 20 years over the wetlands restoration order. The family argues that its parcel is not large enough to be protected, but the order has been upheld by the state Supreme Court.

"This section of the bill reverses the decision made by the courts, setting a terrible precedent for wetlands protection," Pawlenty wrote in his veto message. "The language ... would also have a chilling effect on the state's ability to protect wetlands."

The claims law, signed by the governor after the special session, approves reimbursements for claims against the Transportation, Corrections, and Natural Resources departments, as well as the Office of the Attorney General. It is effective July 1, 2003. (See related story, page 35.)

Rep. Bruce Anderson (R-Buffalo Township) and Sen. Wes Skoglund (DFL-Mpls) sponsored both the regular and special session versions of the bill.

HF679/SF552*/CH88

★ GOVERNMENT

State agency rulemaking, local costs

Gov. Tim Pawlenty vetoed a bill that would have required legislative approval before certain administrative rules took effect. Under the vetoed bill, if the initial or annual costs to any one affected entity was estimated to exceed \$10,000, the rule would not take effect until approved by the legislature.

A proposed rule has the full effect of law.

The governor expressed concern about the bill's unintended consequences in his veto message.

"This bill essentially shifts authority for conducting rulemaking from the executive branch to the legislative branch," the governor

wrote. Under current law, the governor's office gives final approval on all rulemakings, which Pawlenty called "sound policy as it provides accountability in a way that does not paralyze either branch of government."

"Because the Legislature is only in session for a few months out of the year, it is impractical for the Legislature to act on all proposed rules in a timely manner," Pawlenty wrote. "This delay in requiring legislative approval could result in expiration of the timeliness for rules under current law."

Under the vetoed provision requiring legislative approval of certain rules, state agencies would have determined the costs of complying

with the proposed rules. If the initial or annual cost to an affected entity, minus the fiscal benefit of complying with the rules, were estimated to exceed \$10,000, an administrative law judge would have approved the determination. Pawlenty said he thinks this threshold is too low and would result in the Legislature addressing issues now delegated to agencies.

If the judge failed to approve the agency's determination, the rules could not take effect until they received legislative approval. This would not be applicable if the Legislature appropriates money to fund the expected cost or the rule has been proposed to address a specific federal statutory or regulatory mandate.

The bill also would have required the commissioner of finance to prepare a local government fiscal impact and fiscal benefit note for a rule proposed by a state agency, upon request of the elected governing body of a political subdivision.

A fee to cover preparation costs would be charged the requesting governmental unit or units. Once a request is received the commissioner would have provided a fee estimate.

Rep. Marty Seifert (R-Marshall) and Sen. David Senjem (R-Rochester) sponsored the bill.
HF624*/SF1070/CH103

Bills considered, not passed

Editor's Note: While New Laws 2003 focuses on bills that were approved by the Legislature, it is also important to mention some of the bills that received attention during the session, but did not become law.

Because this is the first year of the two-year spending cycle, those measures remain alive, or viable, for consideration next year.

At the end of the 2003 session, bills remaining on the various calendars awaiting floor action were returned to the committee of last action, where the bills will stay unless they are acted upon by the 2004 Legislature.

Bills remaining in conference committees that have not submitted a report upon adjournment of the session return to the body of origin and are set aside temporarily (laid on the table). The conference committees are disbanded.

Bills that passed one body but not the other remain alive for the second year of the biennium. The house that approved the bill in the first year need not re-pass the bill in the second.

Bills remaining in standing committees at the end of the 2003 session can be taken up in the second year of the biennium by the committee to which they were last referred.

BUSINESS

Tobacco sales penalties

An effort to make the penalties assessed for selling cigarettes and tobacco products to minors more uniform will have to wait at least until 2004.

Current law allows cities to exceed state mandated minimum fines for businesses and clerks found to be selling cigarettes and tobacco products to youth under age 18. Also left to local control is determining the number of days a business's tobacco license may be revoked, should a suspension be invoked.

Some cities have imposed fines and license revocation periods so extreme that businesses have lost substantial income, and in some cases have had to close, said Rep. Chris Gerlach (R-Apple Valley), the House sponsor.

Tom Schlagen, who owns a New Hope convenience store, told a House committee that he has lost \$50,000 annually since 1999 when his store failed a compliance check for the second time. His license was subsequently

suspended by the city for three days. Customers who couldn't buy cigarettes from him took their business elsewhere, which also affected gasoline and car wash sales.

"These are (the result) of cashier errors," he said. "No one wants to sell to minors."

However, allowing cities to impose their own penalties, which are often times more strict than state mandates, has had a positive effect in reducing adolescent smoking, said Jean Forester, a University of Minnesota professor.

The bill would impose a maximum \$500 fine for the first violation and a maximum of \$1,000 for the second violation. After a third violation, a maximum \$5,000 fine, a license suspension of up to seven days, or both may be imposed.

In addition, a tobacco license may be suspended or revoked if the license holder fails to train employees in tobacco sales laws or discipline employees for violating them, under the bill, or if the licensee fails to adopt and enforce a written policy to prevent sales to minors.

Three House committees approved the bill, but no floor vote was taken. In the Senate, where Sen. David Knutson (R-Burnsville) is the sponsor, the bill awaits committee action.

HF561/SF922

CHILDREN

Statute of limitations for abuse

A bill that would extend the amount of time childhood sexual abuse victims have to sue

their abusers for civil damages passed both the House and Senate in 2003, but a conference committee appointed to work out the differences never concluded work on the bill prior to adjournment of the regular session.

Under the bill, victims of childhood sexual assault would have until age 27 to sue their abuser in civil court as long as the abuse is reported while they were children. If childhood abuse is reported as an adult, victims would have five years after the date they report or until age 27, whichever occurs first, to file suit.

There would be no limitation as to when a suit could be filed if DNA evidence of the abuse is available.

House sponsor Rep. Mary Liz Holberg (R-Lakeville) said her bill seeks to promote reporting of abuse among victims and their families because it would allow more immediate action to be taken against an abuser and possibly prevent harm to others.

The bill would also allow for an unlimited statute of limitations when seeking declaratory relief — a process where a court determines what happened in a case without ordering any specific action such as incarceration or damages.

Plaintiffs who succeed in such an action could be awarded attorney's fees unless the defendant admits the abuse within two months after a complaint is filed.

The Senate version would institute a limit of six years after the time a person realizes he or she was harmed by the abuse that they may seek action for damages. There would be no

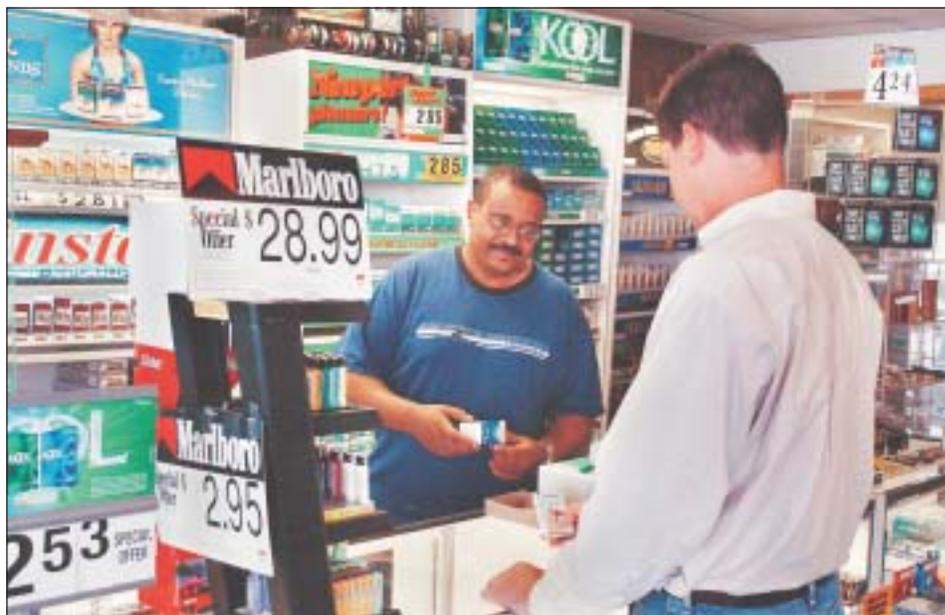


PHOTO BY ANDREW VONBANK

A bill that would have made penalties for selling tobacco to minors more uniform failed to become law in 2003, even though three House committees gave their approval.

limit to how long a person might take to make such a discovery.

Sen. Gary Kubly (DFL-Granite Falls) is the Senate sponsor. The bill is still alive in 2004 and may be reconsidered by both houses.

HF386/SF575

Enhancing abuse penalty

Under existing state law, first-degree murder is also the prescribed charge for cases of murder caused by child abuse when the murderer has a history of abusing that child. A bill, which stalled awaiting action by the full House, would expand that offense to include a proven history of abuse against any child.

Rep. Doug Meslow (R-White Bear Lake) and Sen. Leo Foley (DFL-Coon Rapids) are the sponsors.

The bill received approval from the House Judiciary Policy and Finance Committee in 2003. During that hearing, members wondered aloud if increasing the penalties for this and other related first-degree murder charges would be wise given the state's budget situation and the potential that it would increase the number of offenders in the prison system or the time they spend in the system.

The Senate version passed through one committee and awaits action in the Senate Finance Committee.

HF432/SF136

★ CONSUMERS

Credit card skimming

A bill that would protect credit card users from the unlawful practice of skimming, a form of credit card theft, stalled in 2003, but remains alive for 2004.

An emerging type of consumer fraud, credit card skimming occurs when an employee of a store or restaurant processes the customer's card through an electronic device, known as a skimmer, that records the card number. The number is then used illegally for purchases, either over the phone or Internet. In some cases the number is transferred to a blank card, which is then used as if it were a legitimate credit card.

The bill would have made illegal the fraudulent use of skimmers, usually small, hand-held devices that can be concealed, and re-encoding devices, used to make fake credit cards.

It also laid out a penalty of up to 90 days in jail or a fine of up to \$1,000 if no money were lost. If money were lost, then the fraud would

have been treated as a theft, punishable according to the amount of money involved.

After approval from two House committees, the bill stalled in the House Judiciary Policy and Finance Committee. In the Senate, it awaits floor action.

The sponsors are Rep. Greg Davids (R-Preston) and Sen. Ann Rest (DFL-New Hope).
HF980/SF969

★ CRIME

First-degree murder

The definition of first-degree murder would expand under a bill that passed a House committee in 2003, but stalled awaiting action by the full House. It will remain alive in 2004.

Murdering a child under age 14 with premeditation and intent would explicitly become first-degree murder under the bill, sponsored by Rep. Debra Hilstrom (DFL-Brooklyn Center) and Sen. Wes Skoglund (DFL-Mpls). The bill would also add that crime to the list of first-degree offenses requiring life in prison without release.

Hilstrom said she proposed the bill at the request of the Attorney General's office, which hopes to deter crime against children and give prosecutors additional leverage when handling such cases.

She said the law would only be applied to an estimated one case each year.

Other crimes eligible for life in prison without release include murder/rape, murder/kidnapping, murdering a prison guard or peace officer who is performing official duties, and murder in connection with terrorism.

Some life sentences in Minnesota include the possibility of release after 30 years at the discretion of corrections officials. Convicts released under this sentence spend the rest of their life on supervised release.

HF550/SF1319

Vehicle forfeiture woes

Several attempts to pass a bill that would have changed Minnesota's vehicle forfeiture laws failed during both the regular and special session in 2003, but the bill remains alive for 2004.

The bill would make it easier for the state to take vehicles away from repeat drunken drivers by no longer requiring that the driver themselves own the vehicle subject to forfeiture.

Supporters of the bill said it would keep

drunken drivers from dodging the law by driving cars registered to a friend or family member. Under the bill, family and friends would lose their vehicle unless they could prove that they did not know the person to whom they lent the vehicle was going to break a law.

While there appeared to be universal agreement that the bill had good intentions, opponents objected that it cast too wide a net and risked taking valuable property from people not involved in a crime. Rep. Ron Latz (DFL-St. Louis Park) argued the bill raises the standard of proof for vehicle owners to "clearly and convincingly" demonstrate they did not have knowledge that the vehicle would be used to break the law.

Rep. Loren Solberg (DFL-Grand Rapids) said he worried the definition of family member was unrealistically broad.

In addition to parents or spouses, the bill also defines "family or household member" as siblings, cousins, aunts, uncles, nieces, nephews, grandparents, great-grandparents, and people "residing together" or people "who regularly associate and communicate with one another outside a workplace setting."

A separate provision of the bill specifies that trailers and vehicles on trailers cannot be confiscated along with the car towing them. If someone were convicted of operating a boat while impaired, under the bill, the state could take both the boat and the trailer used to tow it but not the car used to pull it.

Minnesota's vehicle forfeiture law applies to people who have committed a drunken driving offense with two or more aggravating factors, such as:

- having a prior drunken driving conviction,
- having a blood alcohol content above .20 percent, or
- having a child under age 16 in the car.

Rep. Doug Fuller (R-Bemidji) and Sen. Leo Foley (DFL-Coon Rapids) are the sponsors.
HF392/SF388*

2003 Special Session: HF26/SF14*

Paying for treatment

Convicted sex offenders in Minnesota would have to pay a price for their treatments under a bill the House approved 133-0 on May 19, the last day of the regular session.

Originally approved 65-0 by the Senate May 14, that body did not have time to again take up the bill with the House amendment before adjournment.

Under the bill, organizations providing treatment to sex offenders could charge and collect co-payments from all offenders in their

programs. The commissioner of corrections would develop a fee schedule spelling out how large the co-payment amounts would have to be. The bill specifies that fees collected in this manner would have to be used to fund a provider's cost of treatment.

Rep. Rob Eastlund (R-Isanti) successfully amended a provision onto the legislation that would prohibit people who are civilly committed due to sexually psychopathic personalities from possessing or receiving pornographic materials while in custody. The provision would apply to anyone receiving services in a secure treatment facility operated by the Minnesota sex offender program or any other corrections facility.

Rep. Judy Soderstrom (R-Mora) and Sen. Wes Skoglund (DFL-Mpls) sponsor the bill. HF921/SF906*

Security camera installers

A bill that would require background or criminal history checks for security company workers stalled in a House committee, but remains alive for 2004.

Minnesota state law does not currently require such background checks. Testifiers showed members how easy it is for security company workers to tap into surveillance equipment and security systems all over the nation.

Under the bill, which stalled in the House Ways and Means Committee, businesses would pay the state Bureau of Criminal Apprehension to conduct background checks on potential employees.

Background checks would also be required for holders of certain electrician and contractor licenses that do electronic security system work.

The Senate version also stalled in committee.

Rep. Bill Hilty (DFL-Finlayson) and Sen. Becky Lourey (DFL-Kerrick) sponsor the bill. HF773/SF797

★ DEVELOPMENT

Labor contracts

Project labor agreements will continue to hold their place in state and local building projects because a bill that would have prohibited state and local governments from requiring a non-union contractor to pay workers union wages or pay dues to labor unions failed to become law in 2003. It remains alive for 2004.

Currently, when a state or local government

accepts a bid on a building project, part of the negotiation could include project labor agreements. The contracts are not legally required, but can guarantee workers would not strike.

For projects that include both union and non-union workers, non-union contractors must pay union prevailing wages. Part of the wage goes to union funds, even if the worker isn't a member of a union.

Robert Heise, president of the Minnesota Association of Builders and Contractors, said that small business owners are being discriminated against, and the agreements cost taxpayers more dollars because of the requirement of paying union wages to non-union employees.

Speaking for the measure, Dick Anfang, president of Minnesota Building and Construction Trades Council, said small non-union contractors don't have enough workers to complete a large project, so they have to hire union workers and pay corresponding wages.

Citing good success with project labor agreements, Anfang explained that they create a partnership among participating entities. Also, he emphasized the wages taken from a non-union worker's pay can be obtained by the worker upon joining the union.

House sponsor Rep. Barb Sykora (R-Excelsior) said the bill creates a level playing field. The Senate sponsor is Sen. Brian LeClair (R-Woodbury).

The House version passed three committees and awaits action in the House Education Finance Committee. Its companion measure awaits action in the Senate State and Local Government Operations Committee.

HF931/SF1161

★ EDUCATION

Promoting abstinence

For the second straight year a bill that would require public schools to emphasize sexual abstinence in health education classes failed to become law.

Sponsored by Rep. Sondra Erickson (R-Princeton) and Sen. Betsy Wergin (R-Princeton), the bill would amend state law to require that school districts "provide students with a curriculum and instruction in abstinence until marriage premised on risk avoidance." Current law requires a school district's health education program on sexually transmitted infections and diseases to include "helping students abstain from sexual activity until marriage."

The bill made it to the House floor, but no vote was taken. It failed in the Senate Education Committee.

During a vigorous debate in the House Education Policy Committee, bill opponents and supporters disagreed on such issues as condom use, whether school curricula encourage students to be sexually active, and if abstinence programs are an effective method in teaching sex education.

Barbara Anderson, representing the Minnesota Family Council, objected to comprehensive sex education programs in schools with content that, she said, includes "human reproduction, birth control methods, homosexuality, sexually transmitted diseases, sexual identity, orgasm, and masturbation." She said some programs teach students "how to engage in all sorts of sex acts without guilt."

Bonnie Young Johnson, a health teacher in Eden Prairie, said abstinence "is not ignored or slighted" in school curriculums. She said the bill repeats what already exists in state law and "could lead to omission (of information) rather than giving as much as possible."

Rachel Hicks, a senior from Brooklyn Park, said 55 percent of high school seniors in the state are or have been sexually active. Students would "tune out" an abstinence-only message, she said.

HF580/SF747

Fighting an expulsion

The appeal of a public school student's expulsion would go directly to the state Court of Appeals, under a bill proposed, but not passed, in 2003.

Current state law requires that a school board-ordered expulsion must first be appealed to the state's education commissioner.

The bill would remove the middle step in appealing a school expulsion decision, said Rep. Mark Buesgens (R-Jordan), the House sponsor. The judicial review option is available under current law, but only after the education commissioner has reviewed and ruled on the decision. The bill would allow a school district to implement an expulsion decision during an appeal.

Bob Brick, representing the Coalition for Students with Disabilities, spoke against the bill. He said the state's Education Department is in a better position than the court to protect a student's interests.

Of 1,529 student expulsions in the state during the past five years, Brick said, 14 percent involved students with disabilities. He

said 45 expulsion cases were appealed to the education commissioner and four cases were appealed to the court.

Roger Aronson, counsel for the Minnesota Association of Elementary and Secondary School Principals, said expulsion decisions are better made at the local level.

The bill made it to the House floor, but no vote was taken.

The Senate Education Committee tabled a companion bill, sponsored by Sen. David Tomassoni (DFL-Chisholm).

HF822/SF1031

History curriculum concerns

A bill that would ensure public school students have access to copies of some of America's founding documents with religious content made it to the House floor in 2003, but received no vote.

It would direct school districts to implement an instructional policy giving students the opportunity to learn about historical documents important to the country's development. The policy would permit an educator to use or post a document or excerpt that contains religious content and is related to national or state history.

The bill also would require that historical documents and "any other materials must be used for educational purposes and not to establish any religion."

"This is about mandating academic freedom," said Rep. Mark Olson (R-Big Lake), the House sponsor. "It's not mandating that a religious item be studied, but (that it be) allowed under the parameters of academic freedom."

Among more than a dozen document examples in the bill is the Mayflower Compact, the state and federal constitutions, the Declaration of Independence, the Pledge of Allegiance in its current and original forms, and the Federalist Papers.

Citing the historical documents listed in the bill, Rep. Lyndon Carlson (DFL-Crystal), a retired teacher, said, "Most of what's in here is taught in most social studies classes."

In the Senate, where Sen. Michele Bachmann (R-Stillwater) is the sponsor, the bill awaits committee action.

HF476/SF139

Charter school creation

A bill that would make it easier for school districts to create charter schools failed to receive approval in 2003.

Sponsored by Rep. Alice Seagren (R-Bloomington) and Sen. Steve Kelley (DFL-Hopkins), the bill would allow school boards "and one or more licensed teachers" to form a charter school without the approval of the state's education commissioner.

A charter school, under the proposal, must implement the local school board's "strategic plan for public education." The sponsoring school board would select up to two members of the charter school's board of directors.

Other provisions include the following requirements:

- a charter school must submit its budget and learning program to the sponsoring school board for review and comment,
- the sponsoring school board must provide facilities for the charter school and obligates the charter school to pay the school district for facility operating costs, and
- in its bylaws a charter school must declare which of three alternatives it will use to acquire teaching services — from a professional practice organization, from teachers currently employed by the sponsoring school board, or from teachers outside the school district.

There are 78 charter schools operating in the state, under the authority of a state law first enacted in 1991. A school board; an education district; a nonprofit organization that's registered with the state Attorney General's Office and has \$2 million of assets; or a public or private four-year university or college, community college, or technical college can sponsor charter schools.

Seagren said fears that charter schools would take "the best and the brightest" students in a school district have not been realized. "It's been

the opposite," she said. "Charters have been created for at-risk and high-risk students."

HF452/SF799

Small school aid

A bill to create a special state fund that small public school districts could tap into to help them stay viable was not included in the omnibus education finance law.

Sponsored by Rep. Kent Eken (DFL-Twin Valley), the bill would create "small school sustainability revenue" by shifting existing state education funds. Districts that qualify could use the revenue to hire and retain teachers, for technology and curriculum improvements, deferred maintenance, and collaborative activities with other school districts.

Beginning in fiscal year 2005, the bill would create \$28 million in revenue for small schools by eliminating the alternative facilities aid fund primarily used by larger urban districts and by dedicating the portion of the state general levy that is currently reserved for nonspecific education purposes.

There are only seven school districts that receive alternative facilities aid from the state. The Minneapolis and St. Paul districts account for \$14.7 million of the \$19.3 million the state allocates for some school districts to renovate older school buildings that meet a size requirement.

Kim Davidson, an elementary school teacher in Crookston Public Schools, testified in support of the bill. "Many teachers in rural Minnesota believe they have been forgotten," said Davidson, who taught in a large suburban district before moving to the state's north-west region.

For fiscal year 2003, approximately 53 percent of public school students in the state were enrolled in seven school districts in the Twin Cities metropolitan area, according to information Eken provided. The next highest percentage was the east-central area of the state with 11 percent of the students. Northwest Minnesota school districts have 4 percent of the state's public school students.

HF1088/SFnone



PHOTO BY TOM OLMSCHIED

A number of education bills failed to receive Legislative approval in 2003, but remain alive for the 2004 session. Among the topics in those bills are aid for small public school districts, history curriculum, charter school creations, and student survey procedures.

Earlier school year start

A plan to permit the Rochester School District to begin classes in August failed in 2003, but is still up for discussion in 2004.

Under the bill, the district would be permanently exempted from state restrictions against starting the school year before Sept. 1.

The bill made it to the House floor, but no vote was taken. It failed in its lone Senate committee.

Jerry Williams, superintendent of Rochester Public Schools, testified in support of the bill. He suggested that adjusting the school-year schedule would alleviate some glitches experienced in the past.

Williams said 2,000 of the district's students are involved in school activities prior to the traditional post-Labor Day opening of the school year. Other students who are involved in post-secondary summer school classes have had occasions where college classes have already begun while their high school is still in session in the spring.

The Minnesota Association of Innkeepers and the Congress of Minnesota Resorts oppose the bill.

Changing the law for Rochester "has the potential to encompass all schools in Minnesota," said Mike Wilmer, president of the innkeepers association. That "could be devastating" to the state's summer resort and tourist industry, he said.

State statutes currently provide only one exception to the Sept. 1 school year start date: if a district has at least a \$400,000 construction or remodeling project that affects use of a school building. On a case-by-case basis, the Legislature has authorized other one-time exemptions from the start date.

Rep. Carla Nelson (R-Rochester) and Sen. Sheila Kiscaden (IP-Rochester) are the sponsors. HF535/SF391

Coaching contract

A school district would be required to provide written reasons for not renewing a varsity head coach's annual contract, under a bill approved by the House, but not the Senate. Further action on the provision must wait until 2004.

The bill would require the hiring school board to give the coach its reasons for terminating a contract within 10 days of the coach's request. It would also require that school boards provide "timely notice" for a dismissed coach and a "reasonable opportunity" for the coach to respond to the board's reasoning at a public meeting.

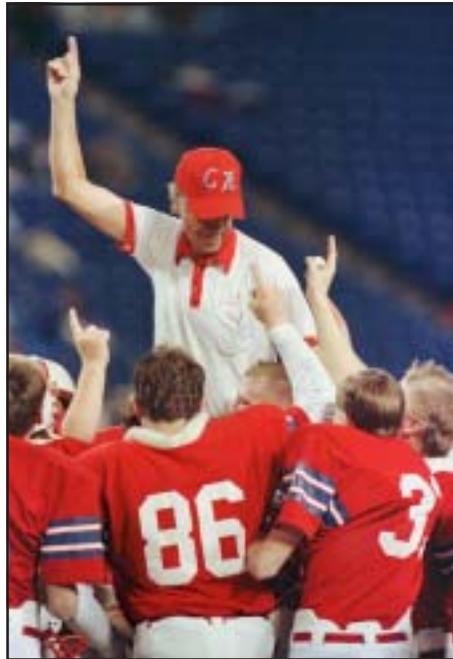


PHOTO BY TOM OLMSCHIED

A proposal to require school boards to provide written reasons for not renewing a varsity head coach's annual contract did not become law in 2003, but remains alive for consideration in 2004.

"It simply is a matter of fairness," said Rep. Dean Urdahl (R-Grove City), the House sponsor and a teacher with 25 years of high school coaching experience. He said the bill would provide coaches, who have annual contracts with a school district, hearing rights similar to those provided a probationary teacher. The bill would apply to unlicensed coaches, as well as coaches who are licensed teachers.

John Erickson, executive director of the Minnesota State High School Coaches Association, and Tom Crithley, the group's executive director of boys basketball, testified before the House Education Policy Committee in support of the bill.

"Some parents want to pick and choose the high school coach," Erickson said. He said the bill would not weaken a local school board's control.

Crithley said there were 70 new high school varsity basketball coaches in the state during the 2002-03 season, a turnover he attributed to younger coaches leaving due to the volatility of the job.

Bob Meeks, representing the Minnesota School Boards Association, expressed concerns about the bill. Coaches are unique and can be employed by a school district in a status different from teachers, he said. Their work is out of the classroom in a voluntary student extracurricular activity.

He opposed the bill's requirement that

school boards hold a public meeting to air grievances related to a coach. "Some reasons should be made public and some should not be," Meeks said.

Sen. Steve Dille (R-Dassel) sponsors the bill in the Senate where it awaits action by the Senate Education Committee.

HF680/SF708

Special education scholarships

A plan to allow state-funded private school scholarships for children with disabilities failed to receive committee approval in either the House or Senate in 2003.

The bill would provide scholarships for special education students receiving instruction and services based on an individual education plan, a federal requirement for students diagnosed with learning disabilities.

The scholarships would be funded on a per-student basis through the state's general education revenue and additional state equalization aid to school districts. To be eligible a special education student would have to be enrolled in a state school district for at least one year.

Rep. Barb Sykora (R-Excelsior), the House sponsor, said the bill is "a concept worth serious consideration. I thought this was a win-win for everybody," including special education parents satisfied with the public school system. "No one has to do this so no one is losing a right."

Jim Bartholomew, director of government relations for the state Education Department, told a House committee that Gov. Tim Pawlenty and the department support the bill because it meets a "policy goal of expanded opportunities."

John Hoffman of Champlin, whose 6-year-old daughter has spina bifida, spoke in opposition to the bill. "Stop this," he said. "I'm opposed to a voucher system whose rallying point is funding and not equal opportunity to education."

Said Bob Brick, executive director of Pacer Center, a statewide training and information group for special education parents, "There are no requests for this type of voucher program. The level of discontent (with public school special education) does not exist."

Sen. Geoff Michel (R-Edina) is the Senate sponsor.

HF1266/SF1160

Student survey consent

A parent or guardian's written consent

would be required prior to a school district obtaining information about a student or their family via surveys and other similar means, under a bill heard, but not approved, in 2003.

The bill would provide similar privacy protection as outlined in the federal No Child Left Behind legislation. It "limits information gathered from students without parental consent," through surveys, assessments, evaluations, or similar means, said Rep. Mary Liz Holberg (R-Lakeville), who sponsors the bill with Sen. Michele Bachmann (R-Stillwater).

When seeking consent for student participation, the bill would require school districts to provide parents with a copy of the instrument used to obtain information.

The bill would prohibit a school district from soliciting the following information about a student, through a survey or other means, without a parent's or guardian's consent: political beliefs; psychological problems; sexual behavior or attitudes; illegal or antisocial behavior; legally recognized privileged relationships (such as doctor-patient or attorney-client); religious practices or affiliations; and income or income-related information required to determine eligibility for financial assistance.

The bill made it to the House floor, but no vote was taken. In the Senate it awaits action in the Senate Education Committee.

HF906/SF1406

American Indian scholarship office

A bill that would transfer the powers, duties, and obligations related to the American Indian post-secondary scholarship program to the Higher Education Services Office will have to wait until 2004.

The bill would also transfer administration of the program from the former Department of Children, Families and Learning (now Department of Education) based in Roseville back to Bemidji, where the program had been administered since its inception until state budget cuts in 2002 led the department to close that office and one in Duluth.

Established in 1955, the Indian Scholarship Program has provided an average of 1,000 scholarships per year for American Indian students to attend post-secondary educational institutions. The average student award is \$1,858 per year.

Peter White, chairman of the Leech Lake Band of Ojibwe, spoke in favor of the bill. "It was disturbing to me that (Bemidji) was taken away," he said. "Education should not be subject to politics." He said 70 percent of the state's

American Indians live within a 60-mile radius of Bemidji State University, which has offered free office space to the state to house the program.

White told a House committee that his tribal council would also help the state fund the office if it were re-opened in Bemidji. The scholarship program has benefited a greater number of American Indians than nearly every other government program, White said.

Yvonne Novack, the scholarship program manager, said 54 percent of the schools that benefit from the scholarship money are in the Twin Cities metropolitan area. She said one-third of the students receiving scholarships live and attend colleges in the Twin Cities area and one-third attend colleges and post-secondary programs in Bemidji.

According to the Minnesota Indian Education Committee, 667 students receiving scholarships in 2001-02 were from northern Minnesota and 334 were from the Minneapolis-St. Paul area.

Rep. Doug Fuller (R-Bemidji) and Sen. Rod Skoe (DFL-Clearbrook) are the sponsors.

The bill was recommended to pass by two House committees and awaits action in a third. One Senate committee gave its approval, and the bill awaits action by the Senate Education Committee.

HF509/SF258

Mandate opt out

School districts will not be allowed to opt out of state mandates for at least another year because a bill that would establish a procedure to accomplish this failed to receive approval in 2003. This bill is essentially identical to the bill providing local governments generally a procedure to follow for opting out of mandates. (See related story, page XX.) Both bills define mandate the same way.

A similar proposal also failed in 2002.

Rep. Mark Olson (R-Big Lake), the House sponsor, said the bill does not target any particular mandate. Rather, it is intended to foster intergovernmental communication regarding these regulations, which does not occur under the existing system, he said.

Opponents said it could potentially allow school districts to seek release from special education, transportation, health, and safety standards or the state's public employee bargaining law, among other mandates. Olson said it was not the bill's intent to allow districts to avoid responsibility for a mandate.

Under the bill, if 10 percent (approximately 35) of the state's school districts were to notify the state that a required mandate should not

apply to them, the mandate would not apply to those districts after adjournment of the next legislative session unless the Legislature enacts a law to prohibit opting out of that mandate.

The bill would require a district to state the reason it wants to be relieved of a state mandate and "indicate how the school district will otherwise meet the objectives of the mandate." A local school board would be required to hold at least one public hearing on the issue and identify the district's costs of mandate compliance that would exceed state and federal funds the district receives. The district would also have to identify the state or federal revenue it could lose by opting out of the state mandate.

State mandates districts could not opt out of, under the bill, include election law, property taxes, and financial accounting and audit requirements.

Sen. Michele Bachmann (R-Stillwater) is the Senate sponsor.

HF472/SF737

Contracting services

A bill that would permit school districts to unilaterally negotiate contracts with outside vendors for non-instructional services failed to receive committee approval.

Sponsored by Rep. Philip Krinkie (R-Shoreview) and Sen. Gen Olson (R-Minnetrista), the bill would allow school boards to "unilaterally contract or subcontract for services" like food service, building maintenance, and transportation, unless prohibited by a union contract.

Districts may now contract for outside services. But the bill would allow the district to contract for services with an outside vendor even if the contract replaces union employees, once a 45-day mediation period has passed and either the union or management declares an impasse in those negotiations. That provision would be effective for contract negotiations with any union employees, excluding teachers, under the bill.

Krinkie told the House Education Finance Committee that the bill would provide school boards with the right to contract with whom-ever they choose, for non-instructional services. The committee took no action on the bill.

Representatives of school boards, school administrator organizations, and business groups testified in support of the bill. Representatives of unions representing school district employees opposed it.

Duane Benson, executive director of the Minnesota Business Partnership, said the bill

would provide school districts “the opportunity to save some money” by allowing more contracting.

Charles Kyte, executive director of the Minnesota Association of School Administrators said, “Even having the option (of more contracting) available will increase efficiency with existing employees.”

Frank Miskowicz, president of Service Employees International Union Local 63 in Minneapolis, which represents 400 school custodians, said his union has agreed to pay freezes in the past when the school district faced budget problems. The bill would “open schools to companies that care more about the bottom line than our kids,” he said.

The Senate bill awaits action in the Senate Education Committee.

HF1109/SF1315

Charter school plan stalls

Northwood Children's Services will have to wait at least another year before gaining eligibility to open a charter school.

A bill that would provide for a six-year pilot project for the residential and day treatment center to operate a charter school was not included in the omnibus education finance bill.

Located in Duluth, the nonprofit, multi-service agency provides care and treatment programs to children. Services include residential and day treatment, diagnostic and assessment services, mental health services, and therapeutic foster care. Special education services at Northwood are currently provided by the Duluth School District.

The charter school would be a public school with open enrollment, Dr. James Yeager, the agency president, told a House committee. “We’d just like the opportunity to be innovative, creative, and (to) grow,” Yeager said.

Bruce Johnson, principal of two residential and day treatment schools in the Duluth area, opposes the bill.

“If we were doing a lousy job, I would not be here,” Johnson said. A charter school “would destroy the continuity of the program we provide,” he said.

When students transfer to a charter school, the school district loses about \$6,000 per student in state education aid. That money becomes part of the charter school’s operating revenue. Children in the center’s care and treatment programs would have enrollment preference at the charter school.

Northwood Children's Services would have

to apply to the state’s education commissioner to open the school, which would not be eligible for state building lease aid, since it would be located on Northwood’s campus.

Rep. Alice Seagren (R-Bloomington) and Sen. Bob Kierlin (R-Winona) are the sponsors.

The bill stalled in the Senate Finance Committee.

HF1146/SF1237

Fiscal impact notes

The chair or ranking minority member of the House or Senate tax committee can now request a local impact note from the Department of Finance when proposed legislation affects a city or county. However, affected school districts will not be added to that list this year, because a bill to do so did not become law in 2003. It remains alive in 2004.

Sponsored by Rep. Ron Latz (DFL-St. Louis Park), the bill awaits action by the House Taxes Committee, and it has no Senate companion.

Latz said school districts “make up 40 percent of the state budget” and the Legislature should make “well-educated and informed decisions” on unfunded mandates that might have an impact on local schools.

Bob Meeks, director of governmental relations with the Minnesota School Boards Association, said the organization supports the bill.

He said the state assumed more responsibility for education funding in tax adjustments within the past few years, and asked the committee how schools could be “funded adequately if you don’t know the impact on school districts.”

The bill would also add the chairs or ranking minority members of the House Ways and Means and Senate Finance committees to the list of legislators who could request a fiscal note.

HF674/SFnone

★ ELECTIONS

Distorted photographs

Rep. Marty Seifert (R-Marshall) says he wants to put a stop to using distorted photographs of opponents in campaign material.

To accomplish that, Seifert sponsored a bill with Sen. Michele Bachmann (R-Stillwater) that would take away public funds to candidates running for office if a candidate supported by one of the legislative caucuses were found guilty of the offense. Seifert said the bill would make “everyone be nice to each other.”

Minnesota is one of two states that offers a subsidy program to individuals running for office, with only Maine having something similar, said Seifert.

Opponents of the bill voiced concerns over the potential violation of free speech.

Rep. John Lesch (DFL-St. Paul) said campaigning is one of the “highest forms of free speech” and the language in the bill didn’t define a distorted photograph.

Seifert told the House Governmental Operations and Veterans Affairs Policy Committee that he didn’t expect the bill to pass, and was using it as a measure to bring both political parties together, in hopes of each signing a legally binding document to not deliberately distort photographs in campaign literature.

Rep. Loren Solberg (DFL-Grand Rapids) had asked whether the bill would apply to television ads. Seifert said such ads would be considered campaign material, which would be covered by the bill. But, he added, the bill would only affect state and local elections, not federal.

The bill failed to receive a vote on the House floor, and the Senate version stalled in committee in 2003.

HF807/SF899

Contributing campaign funds

Legislators and constitutional officers may continue to accept campaign contributions from special interest groups or political action committees during a special session.

Rep. Dan Dorman (R-Albert Lea), the House sponsor of a bill that would have prohibited the action, said legislators “should play by the same rules” during all times of session. Current law applies only during the regular session.

Statutes prohibiting contributions apply to candidates for the Legislature or constitutional office, a candidate’s principal campaign committee, or a party unit established by a party organization within the Legislature.

Those who cannot contribute include a registered lobbyist, political committee, political fund, or dissolving principal campaign committee.

The bill was approved by the House Governmental Operations and Veterans Affairs Policy Committee but didn’t come up for a vote on the floor.

Rep. Loren Solberg (DFL-Grand Rapids) said he was a part of the original conference committee in a previous session that created the current law. He said the reason they didn’t include special session in the initial legislation

was because a governor can call one at any time. Therefore, if a legislator has a scheduled fundraising event, it might have to be canceled or rescheduled.

Rep. Eric Lipman (R-Lake Elmo) said the bill could give the governor too much power.

He cited the situation in September 2002 when former Gov. Jesse Ventura called a special session to deal with flood relief, and that those in competition for his job would have been unable to raise funds during the time if this bill were then law.

HF539/SFnone

Political phone surveys

A person or company that conducts a phone survey relating to a candidate running for office or any political subdivision still cannot be held liable for refusing to give certain information to a survey recipient, because a bill providing for that did not pass in 2003.

Under the bill, the name, address, and telephone number of the company conducting the survey, and whether it's being done in cooperation with or for a candidate must be revealed at the end of the conversation.

Rep. Tony Cornish (R-Good Thunder), who sponsored the bill with Sen. Julie Rosen (R-Fairmont), said that when he was running for office he received a disturbing phone call, which prompted him to develop the bill.

He explained that a "college-aged student," not knowing she'd reached the candidate the survey was targeting, asked him misleading questions. He explained that the questions and answers could have led a constituent to draw improper conclusions about his political beliefs.

He said he asked the caller to give him the name of the company conducting the survey, her name, or that of a supervisor, none of which were given. The caller ultimately hung up on him.

The House bill made it to the floor, but no vote was taken. The Senate bill awaits further committee action.

HF1437/SF1373

★ EMPLOYMENT

Job references

A bill that stalled in the Senate would make it easier for employers to relay certain information about current and former employees to other prospective employers without the fear of lawsuits. The bill passed the House in 2003 and

remains alive through the 2004 session.

Sponsored by Rep. Jim Knoblach (R-St. Cloud) and Sen. Dave Knutson (R-Burnsville), the bill would let employers pass along basic employment information such as wages and job description as well as written disclosures of any instances of theft, harassment, violence, or other illegal conduct that has been documented in the employee's record. The employee's consent would not be required for disclosure of this information.

Knoblach said many companies are reluctant to pass on significant information about their employees to other companies for fear of expensive lawsuits resulting when an employee thinks the information shared hurt their chance to get a job. The consequences can be dangerous, he said, when the information failing to be passed along deals with violent behavior, illegal activity, or sexual misconduct in the workplace.

Employees wanting to bring suit under the bill would have to meet a high burden of proof by showing clear and convincing evidence that the information was both knowingly incorrect and harmful to them.

A provision in the bill dealing specifically with school districts would require districts to share documented information about sexual misconduct or violence towards a student.

A similar bill passed both houses of the Legislature in 2001, but did not make it past a conference committee.

HF480/SF837

Salary and wage freeze

A bill that would have implemented a state employee wage freeze during the 2004-05 biennium failed to become law while lawmakers established the budget in 2003.

In light of the multi-billion dollar state deficit facing legislators, Rep. Chris Gerlach (R-Apple Valley) told a House committee, "I think that a public employee salary freeze is a valid option for all of us to consider."

A Senate companion was sponsored by Sen. Thomas Neuville (R-Northfield).

With Minnesota employers reducing payrolls via layoffs, wage freezes, and wage concessions, Gerlach said, "We can look at freezing wages, trying to hold the line and weather the economic storm we're in, or devastate the ranks of the public employees and hand out the pink slips."

The bill would have also prevented public employees from striking due to an employer's refusal to increase salaries, and arbitrators would have been prohibited from issuing an

award that would increase salaries.

Labor organization representatives said the wage freeze would not necessarily prevent layoffs.

The freeze was successfully amended in the committee by Rep. Stephanie Olsen (R-Brooklyn Park) to not apply to school districts, cities, counties, and townships. Also excluded are hospital workers and hospital districts.

"How much does your bill save?" asked Rep. Loren Solberg (DFL-Grand Rapids). Gerlach responded the bill would help agencies moderate the anticipated 15 percent reduction in their budgets attributed to the governor's cuts, but there is not a direct savings.

Solberg said there's "no guarantee of saving any jobs, we're not saving money. ... (We're) taking away negotiation rights for two years. We're telling public employees, 'This is what you get.'"

The bill still awaits committee action in both bodies and may be reconsidered and amended in 2004, though state employee contracts will likely be established prior to that time.

HF793/SF773

Operators as essential employees

Public safety radio communications operators are still not considered "essential" state employees for purposes of the Public Employment Labor Relations Act.

Rep. Ron Erhardt (R-Edina), the House sponsor of a bill making operators essential employees, said public safety radio communications operators serve a highly skilled technical area and it's difficult to find someone else to fill in.

Under the classification, the employees would have had to give up their right to strike and go to arbitration if labor negotiations did not result in an agreement.

Col. Anne Beers, chief of the Minnesota State Patrol, explained there are 10 centers around the state and that the operators, who are essential to the state patrol, receive nearly 650,000 emergency calls a month.

During the October 2001 state employees strike, public safety radio communications operators were forced to join in or cross the picket line.

Beers said the department called sheriffs and chiefs to have the 911 calls transferred to their stations, but they refused, meaning troopers and supervisors had to quickly fill in. In addition, troopers were going to take the department to court because they were taken off the road to perform dispatch functions, which was a violation of their contract. Beers

explained that because of the “high learning curve” in dispatch language and code words, it would have been hard to use other resources, such as the National Guard, to fill the roles.

She also said that a poll of dispatchers done in 2002 showed 56 out of 66 operators favored the classification change to essential.

Representatives from the unions that represent state employees – the American Federation of State, County, and Municipal Employees and the Minnesota Association of Professional Employees – said they oppose any expansion of essential employees.

Sen. Dean Johnson (DFL-Willmar) was the Senate sponsor.

The bill was included as part of the House omnibus transportation finance bill but the provision was removed in conference committee. It did not pass the full Senate in any form.
HF769/SF1045

Limiting contract negotiations

A bill that would change the way unions negotiate salary and benefits for public employees is still alive for the 2004 session, though it failed to pass into law in 2003.

Under the bill, sponsored by Rep. Mark Buesgens (R-Jordan) and Sen. David Hann (R-Eden Prairie), unions would be given a maximum monetary value to work from to negotiate salary and benefits for public employees.

Defined as structural balance, the process would require that the cost of contracts not exceed available funds and that the amount or quality of service not be diminished to achieve structural balance. With large budget cuts looming, Buesgens told a House committee that he’d heard from a number of constituents and colleagues with the statement, “Why do you need to freeze our salaries, why don’t you just give us the money?”

Among opponents was Brian Bergson, representing the Minnesota Association of Professional Employees. Along with gutting the Public Employment Labor Relations Act, which defines ways unions can negotiate through collective bargaining, Bergson said, the bill tips the scale in favor of management.

The House bill was referred from the Governmental Operations and Veterans Affairs Policy Committee to the Rules and Legislative Administration Committee without recommendation. The Senate version awaits action in the original committee.

HF1380/SF1471

FAMILY



Child support changes stall

A major overhaul of Minnesota’s child support system gained House approval in 2003, but was tabled in the Senate prior to adjournment for the year. It will still be alive in 2004.

The bill would significantly change the way courts calculate child support payments, reorder dozens of sections of family law, and provide for officially recognizing Hmong and Buddhist weddings.

Sponsored by Rep. Steve Smith (R-Mound), the so-called “income shares” model at the bill’s heart would take both parents’ incomes into account when calculating how much money a non-custodial parent pays for child support. The amount would be based on an individual parent’s share of both parents’ combined gross income rather than on a percentage of a non-custodial parent’s net income, as in current law.

To determine exact support amounts under the proposal, judges would use a child support schedule derived from a U.S. Department of Agriculture annual report listing the average cost of raising children for parents of various incomes in the urban Midwest.

The amount of child support under the schedule is then reduced by 20 percent in recognition of the higher cost of maintaining two separate households.

Another policy in the bill would change support amounts if a parent’s income changes due to active military service.

The bill would also provide for different support formulas for low-income parents, parents with joint custody, and families with more than six children. Parents could also agree on a different division of child support costs with a judge’s approval.

In addition, parents could more easily request a hearing six months after the initial court ruling to establish if parents are complying with support, custody, and visitation orders.

There would also be more options to ensure those orders are followed.

For example, the state would have to collect social security numbers from people applying for driver’s licenses and hunting and fishing licenses in order to comply with federal child support enforcement laws, though the numbers would not be included on the licenses themselves. It would also be easier to suspend driver’s licenses or occupational licenses if someone is not complying with support orders. Authorities would also be allowed

to check into parents’ health insurance coverage in order to discern which parent’s insurance should cover a child.

The bill would also set forth criteria a court must consider before it grants or denies a custodial parent’s request to move out of state. Those criteria would include a child’s relationship to family in either state, the impact on the child’s development and quality of life, their ability to maintain a relationship with the non-custodial parent, any history of trying to thwart development of that relationship, and any history of domestic abuse.

Moving out of state after a request to do so has been denied could be grounds for changing custody, under the bill.

In addition, the bill would put the current family law statutes in Chapter 518 in a more logical order, making them easier to find and read. It would clarify ambiguous and conflicting language in those sections.

Finally, the bill provides a process for solemnizing traditional Hmong wedding ceremonies by vesting power in the mej koob — two or more people designated as go-betweens for the two families. The mej koob would be responsible for signing and submitting the marriage certificate.

The bill also adds Hmong and Buddhist to the list of religious and ethnic groups — including Baha’i, Hindu, Muslims, Quakers, and Native Americans — which may solemnize marriages through traditional practices.

Sen. Thomas Neuville (R-Northfield) sponsors the Senate companion.

HF778/SF758

Surrogate pregnancies

A bill that would regulate the practice of surrogate pregnancies must wait until 2004.

Sponsored by Rep. Kathy Tingelstad (R-Andover) and Sen. Linda Higgins (DFL-Mpls), the bill would have created a legal framework for infertile parents to enter into a judicially approved agreement with a potential surrogate mother. Under the practice an embryo from the intended parents is implanted into a surrogate mother. At birth, the intended parents take full legal responsibility for the child.

Though the practice already takes place nationwide, the bill would place guidelines into law for intended parents and surrogates and would require a set of legal agreements clarifying all parties’ rights and responsibilities in the arrangement. Tingelstad said the bill would be a model for other states because it incorporates so many different elements of the

surrogacy process, from requiring psychological assessments of all participants, to limiting the amount of money intended parents may pay a potential surrogate.

Under the bill, all participants would have to be at least 21 years old, the intended mother must prove she is unable to bare healthy children herself, and at least one intended parent must be biologically related to the resulting child. The intended parents would also be required to accept any resulting child, regardless of the child's health or physical condition.

Opponents of the bill, including the Minnesota Catholic Conference, said it would turn embryos into commodities to be bought and sold.

Neither the House nor the Senate bill received a committee's approval in 2003.

HF792/SF813

★ GAMBLING

Don't bet on a racino...yet

A bill that would have allowed slot machines at Canterbury Park in Shakopee wasn't in the cards for the horse racing facility during the 2003 session.

While the measure was approved in the House, and for a time was part of the House budget-balancing solution, the bill never made it out of Senate committees.

The Minnesota State Lottery would have operated the gaming machines, but the casino would have been owned and operated by Canterbury Park.

The plan took a slightly different turn when an amendment was successfully offered during House floor debate by Rep. Mark Olson (R-Big Lake) that would have ended the so-called racino plan if American Indian tribes who operate casinos in the state were to do four things by July 1, 2003:

- voluntarily contribute funds to the Department of Human Services for compulsive gambling treatment programs equal to the amount contributed by the state lottery,
- not increase the number of video gaming machines,
- submit information annually to the state auditor on gross receipts from tribal gaming and the distribution of those gaming receipts, and agree to have the information audited by the state auditor, and
- contribute 6 percent of gross receipts from casino gambling annually to the state.

Among concerns of tribal officials was that money lost would hurt members of tribal communities and residents in rural communities

where they are located.

Under the proposal, track owners would have footed the approximate \$90 million for construction costs. Plans called for a 100,000-square foot horse racing-themed slot and gaming room, an Olympic-scale equestrian center, an agricultural event facility, a 250-room hotel and conference facility that would overlook the racetrack, and restaurants.

In the first four years of operation, the state would receive an average of 40 percent of gross operating revenues, and the facility netting 45 percent. The state lottery would have grossed 15 percent, and a portion would be directed to horse racing purses, a breeders fund, and to local governments. In 2004-05 the state would have received 55.5 percent on adjusted gross gaming revenue, which was expected to equate to \$100 million.

Randy Sampson, president and general manager of Canterbury Park Holding Corp., said the percent allocated to the state would be more than existing track operations provide. In fiscal year 2002, the state received \$241,000 in pari-mutuel taxes, according to the Minnesota Racing Commission.

Rep. Mark Buesgens (R-Jordan), the House sponsor, said that in addition to the state benefiting, the bill would have created 1,400 new jobs.

As of November 2002 six other states had racinos: Delaware, Iowa, Louisiana, New Mexico, Rhode Island, and West Virginia. In addition 14 states are considering racino legislation, Sampson said.

Sen. Dick Day (R-Owatonna) is the Senate sponsor.

HF646/SF576

Another tribal casino

Persistence did not pay off in 2003 for a casino bill that would establish a partnership between the state and one or more American Indian tribal governments. House sponsor Rep. Bill Haas (R-Champlin) attempted to move the bill forward in different committees and with different amendments four times.

The bill would permit the Minnesota State Lottery to manage gaming machines at a facility in the Twin Cities metropolitan area operated by one or more American Indian tribal governments. A card club would also be permitted.

Under the proposal, 60 percent of the casino proceeds would have gone to the Red Lake Nation of Chippewa and the White Earth Band of Chippewa, groups that currently do not receive gaming revenue that other tribes receive from their own gaming facilities. Among the

benefits to the state would be a 20 percent tax on gross revenue (wagering minus prize money), 90 percent of which would go to the general fund.

Haas said the casino would create more than 4,000 jobs, many of those filled by tribal members.

Doyle Turner, chair of the White Earth Reservation, has said there are desolate, poverty-like conditions on the lands of the two tribes with 300 families without housing. The casino was a creative solution to the problems, he said.

Opponents included the Mille Lacs Band of Ojibwe, who run Grand Casino Mille Lacs and Grand Casino Hinckley. Tribal representatives claim that the majority of their clientele visit from the Twin Cities and that this bill would allow different tribes to operate a state-run casino. Also, they expressed concern that a metropolitan area gaming facility would lure employees from outlying gaming facilities.

Haas said all tribes in Minnesota have been offered written chances to become involved in the casino.

The bill failed to gain approval from the House Governmental Operations and Veterans Affairs Policy Committee, and Haas later unsuccessfully attempted to amend the bill to the House omnibus state government finance bill, during a conference committee, and on the House floor.

The Senate version, sponsored by Sen. Sandra Pappas (DFL-St. Paul), awaits committee action.

HF1020/SF966

Sports boards

A bill that would have added sports boards to the list of lawful charitable gambling was included in one omnibus bill, but failed to become law in 2003.

The bill defines a sports board as a game in which a participant buys a square, line, or other chance on a board with the winner determined by the outcome of a professional sporting event. Under the proposal, the maximum prize for a single board would have been \$500. A board would be limited to 25 lines and 100 squares, and the maximum price per chance would be \$10.

However, Tom Barrett, executive director of the Minnesota Gambling Control Board, said the bill could violate federal law that prohibits states from operating or legalizing new sports betting systems.

"The worst case scenario is that the federal government says it's illegal and we stop," said

Rep. Jim Rhodes (R-St. Louis Park), who sponsored the bill with Sen. Jim Vickerman (DFL-Tracy).

Charities are "100 percent behind it" said King Wilson, executive director of Minnesota Allied Charities. He said sports boards could "raise a lot of money for charity and the state."

The Senate version awaits initial committee action. The House version, which was approved by one committee and awaits action by a second, was included in the omnibus state government finance bill, but did not make it through the conference committee.

HF619/SF604

Authorizing sports fantasy games

An establishment that sells alcoholic beverages is still prohibited from conducting fantasy sports leagues, because a bill allowing the measure failed to become law in 2003.

Rep. Doug Stang (R-Cold Spring), the House sponsor, acknowledged that many people, including himself, already participate in the leagues. Currently "you can practice legally outside bars, this brings it inside bars," he said.

The bill does not authorize sports bookmaking or wagering on the outcome of an individual sporting event.

No league revenue would go to an establishment that holds a league, but legalizing the location would allow for more revenue when customers purchase drinks and food, said Stang. The bill designates that bar owners cannot handle the exchange of funds, but by hosting an event, the bar could promote and market the leagues.

Other restrictions in the bill are:

- total payout to all members must be equal to the total paid in by all members;
- no individual can receive more than a \$250 payout; and
- the establishment must have no interest in the outcome and cannot participate financially.

The legislation would help charitable gambling, said Rep. Sondra Erickson (R-Princeton).

Currently, some locations have sports betting, but because the practice isn't legal, the charities could lose their licenses by participating. Erickson explained with declining enrollments in organizations like the Lions Club, this is an opportunity for marketing the associations and bringing in more memberships.

The bill awaits a floor vote in the House.

A Senate version, sponsored by Sen. Michelle Fischbach (R-Paynesville), awaits committee action.

HF642/SF723

Don't bet on it

Though Minnesotans may be betting on sporting events, they still cannot do it legally in the state. A bill that would have legalized the practice did not pass in 2003, but remains alive in 2004.

Sponsored by Rep. Phyllis Kahn (DFL-Mpls), the bill would allow such gaming to be conducted through the Minnesota State Lottery. Kahn said the bill would authorize real sports wagering for the state, with a portion of the proceeds going into the state's general fund, although she said it would be hard to predict the amount.

Under the bill, the state would collect taxes ranging from 3 percent to 6.25 percent of gross revenues of sports bookmakers, based on the volume of gross receipts.

Kahn explained that Minnesotans spend an estimated \$2 billion annually on sports gaming, either through traditional means or online.

The bill would keep dollars in Minnesota because gaming would be allowed at any facility that offers state lottery games, Kahn added.

George Anderson, director of the Minnesota State Lottery, said several states, such as Oregon, have legalized sports gaming. It's also common elsewhere in the world.

Members were also concerned that the

practice may contribute to problem gambling. Studies show that about 2 percent of compulsive gamblers choose sports wagering as their preferred form.

Other highlights of the bill included the creation of a Minnesota active recreation fund to be used for children's sports programs, amateur sports facilities, and hiking and biking trails. A portion of the proceeds from the sports games would be deposited into the account.

The legislation failed to gain approval from the House Governmental Operations and Veterans Affairs Policy Committee, the lone committee to hear the bill.

HF830/SFnone

★ GAME & FISH

Designating fair game and fish

An omnibus game and fish bill that would get duck hunters out of bed earlier on opening day, allow certain hunting techniques, and target species that have been outlawed for several decades failed to be considered on the House or Senate floors.

The bill would allow shooting hours for migratory game birds, except woodcock, to begin at 9 a.m. on the opening day of the duck



PHOTO BY ANDREW VONBANK

A bill that would have legalized sports bookmaking in Minnesota will have to wait until at least 2004.



PHOTO BY TOM OLMSCHEID

A plan to decrease the legal length of walleyes and northern pike were part of an omnibus game and fish bill that failed to become law in 2003. The bill also called for three-year revocation of game and fish licensing privileges for those failing to pay fines or appear in court for game and fish violations.

season. Under the bill, the Department of Natural Resources (DNR) must submit to the Legislature by Jan. 15, 2006, a report on the harvest success rate and the effect on the state's waterfowl population from this change.

In response to what the DNR said was constituent input and a desire to "increase the awareness of larger fish," another provision of the bill would decrease the legal lengths of walleye from 24 inches to 20 inches and northern pike from 30 inches to 24 inches.

These restrictions would not apply to boundary waters, and Lake of the Woods has separate rules. Additionally, spearfishing is excluded from the new lengths.

Language in the bill would allow bear hunters to use hounds, if the DNR decides to authorize such a season. The technique was not prohibited in the state until bears were protected in the 1970s, according to Ed Boggess, DNR Wildlife Division assistant director, but a growing bear population has the potential to cause a lot of trouble for people.

The bill would add mourning doves to the statutory list of game birds and authorize a mourning dove hunting season, which has been prohibited in the state since 1947. The bill also would require the DNR to report to the Legislature by Aug. 1, 2004, on the effects of a hunting season on the mourning dove population in the state.

There are several provisions aimed at young hunters.

The bill would allow turkey hunters under the age of 16 to be accompanied by unlicensed,

unarmed adults. Minnesota residents under the age of 18 would be authorized to take up to 25 turtles for nonprofit turtle racing, as long as the turtles are returned to their natural habitat after the race. And the bill clarifies that \$5.50 youth deer licenses without tags are available for archery, as well as firearm hunting.

The legislation also attempts to get tougher on scofflaws who fail to appear in court or pay court-ordered fines for game and fish violations. Under the bill, those transgressions could result in the three-year revocation of game and fish license privileges.

Rep. Joe Hoppe (R-Chaska) and Sen. Tom Saxhaug (DFL-Grand Rapids) sponsored the bills, which were returned to the environment and natural resources committees in each body when members adjourned for 2003.

HF789/SF887

★ GREATER MINNESOTA

Increasing rural speed limits

A bill that received the approval of House committees but did not ultimately pass both the House and Senate would increase the daytime speed limit on paved highways outside urban districts that are not freeways or expressways to 65 miles per hour. The bill is sponsored by Rep. Marty Seifert (R-Marshall) and Sen. David Tomassoni (DFL-Chisholm).

Nighttime speed limits would remain at 55 mph. Existing law defines "nighttime" as one-half hour after sunset to one-half hour

before sunrise.

In addition, violations of the 65 mph speed limit that are within 10 miles per hour above would not have been entered on a motorists driving record, under the original bill. That exception is currently allowed for the state's 55 mph speed limits and an amendment removed the exemption from the bill during committee debate.

According to information Seifert provided from the Insurance Institute for Highway Safety and the Highway Loss Data Institute, only North Dakota and Montana have different day and night speed limits on the same types of highways as those covered in the bill. In addition, 19 states have speed limits on the roads of higher than 55 mph.

The House version stalled in the House Ways and Means Committee, and the Senate bill did not receive committee approval.

HF1071/SF1248

★ HEALTH

Data collection stalled

A bill that would take away the ability of the Minnesota Department of Health to collect certain types of patient medical information received committee approval, but stalled before the full House voted upon it. It remains alive for 2004, though the department has not continued to pursue the issue further by administrative means.

The bill would initially have repealed the provisions of current law that give the commissioner of health broad authority to collect medical information from hospitals and insurance companies, but those provisions were amended out during committee discussion. Privacy advocates have criticized a set of rules proposed by the department based on those statutes because they would create a statewide database of information including some data that could personally identify unique patients — including their name, address, and race and ethnicity.

Supporters of the data collection said a more uniform and independent process is needed, as long as it takes steps to protect patient privacy.

Rep. Bill Haas (R-Champlin) and Sen. Warren Limmer (R-Maple Grove) are the sponsors.

HF297/SF795

Limiting family planning grants

A bill that would limit use of state family planning grants to groups unaffiliated with abortion services gained House committee approval during 2003, but stalled awaiting action by the full House.

Sponsored by Rep. Mary Liz Holberg (R-Lakeville) and Sen. Thomas Neuville (R-Northfield), the bill would prohibit state family planning funds from going to organizations that provide abortions or consider abortions part of a continuum of family planning services. Under the bill, grant recipients could not refer patients to abortion providers, display information about the legality or accessibility of abortion services, or mention abortion as an option to pregnant women. Organizations could also not be affiliated with any group that provides abortions.

The bill would require groups applying for grant money to submit independent audits certifying their compliance with the bill's requirements.

The family planning grants at issue are part of maternal and child health block grants the state gives for distribution by counties and grants to eliminate health disparities.

The Senate version did not receive committee approval in 2003.
HF436/SF431

Health, dental coverage

The 2003 Legislature did not mandate that state workers, legislators, and constitutional officers pay more for health and dental insurance. As a result, contributions for health and dental insurance will continue to be determined by state employee collective bargaining agreements or compensation plans.

Currently, the state pays for 100 percent of state employees' health and dental insurance premiums, if they do not carry a spouse or dependent on their plan, though copayments are required for some services. The bill would have changed that contribution to 80 percent for medical insurance and 50 percent for dental premiums.

Rep. Paul Kohls (R-Victoria), who sponsored the bill with Sen. Sheila Kiscaden (IP-Rochester), said the state needs to cut costs and that the proposal was one way to address the projected budget deficit. He argued that very few private employers pay for 100 percent coverage, and the money saved would equate to 3,000 state jobs.

One argument against the proposal made by Robert Johnson, representing Teamsters

Local 120, is that state employees are paid less than their counterparts in the private sector, and good health care coverage is partly why employees continue to work for the state.

The bill was not approved by a committee in either body, though it was forwarded without recommendation by the House Governmental Operations and Veterans Affairs Policy Committee.

HF1099/SF1047

★ HIGHER EDUCATION

Allocating state grant dollars

A plan to alter the way state financial aid grants are distributed to students failed to become part of the 2003 omnibus higher education law. But it may be reconsidered in 2004.

Instead of students receiving grant awards from the Higher Education Services Office (HESO), the grants would be distributed by the institution they attend, under a bill sponsored by Rep. Lyndon Carlson (DFL-Crystal).

Under the bill, direct appropriations would be provided to the University of Minnesota, Minnesota State Colleges and Universities (MnSCU), and the Minnesota Private Colleges Council to distribute state grant awards to students attending colleges that belong to the council. In addition, the services office would also receive money to distribute for private colleges that are not part of the private colleges council.

Currently, the Higher Education Services Office awards all state grant money. Gov. Tim Pawlenty's budget shifts money to the services office to expand the state grant program, while reducing funding to the public institutions.

Carlson told the House Higher Education Finance Committee that, under his proposal, the institutions would be authorized to develop their own guidelines for distributing need-based assistance for tuition, work-study, and child-care aid.

"This builds in more flexibility to meet the needs of students," he said. "It's tough to tailor a system to where one size fits all."

During the session, Carlson asked University President Robert Bruininks and MnSCU Chancellor James McCormick if their systems would be able to handle their own financial aid distribution. Both responded affirmatively.

Carlson said that the institutions and systems would need to come before the Legislature to request state grant dollars, like they do for state funding and bonding dollars.

"The current state aid program is focused on the needs of students, not the sectors," said HESO Director Robert Poch referring to the public systems and private institutions. "This goes the other way." In addition, Poch said his office advocates for the needs of all students and that some of that would be lost with the proposed legislation.

A Senate companion bill, sponsored by Sen. David Tomassoni (DFL-Chisholm), awaits committee action.

HF1422/SF1453

Opt in plan for student fees stalls

A plan that would change the way student fees are charged was in the House omnibus higher education bill, but was removed by a conference committee that reached agreement on an omnibus higher education funding law.

The bill, as introduced in the House, would require that the university's Board of Regents and the Minnesota State Colleges and Universities (MnSCU) Board of Trustees receive legislative approval for all mandatory fees to be paid by students. The boards now have the final say.

Under the bill, students would then have to opt-in to pay any fee not deemed mandatory. "This puts students in the driver's seat for what their money is used for," said Rep. Tim Wilkin (R-Eagan), the House sponsor.

Wilkin said the issue was brought to his attention by parental concern about the increase in fees and a constituent's concern about the appropriateness of uses of some fees.

He used a Sex Workers Art Show as an example. Presented at the University of Minnesota, the show was designed to contradict the stereotypes that surround work in the sex industry. It was sponsored by the university's Women's Student Activist Collective.

Committee testifiers said that students registered for six or more credits on the university's Twin Cities campus pay \$280-per-semester in student service fees with money going to 28 organizations, ranging from 16 cents for the Students for Family Values to more than \$90 for the Boynton Health Services. These fees are in addition to tuition, course fees, and a university fee, which helps cover infrastructure and administrative support costs, as well as costs for services.

Officials from both university systems spoke against the bill, saying the current fee system works well, the proposal amounts to micromanaging, and that ultimately the fees could just be rolled into tuition.

Rep. Lyndon Carlson (DFL-Crystal) voiced concern that the bill would make the Legislature the ruling body for the institutions.

A companion bill, sponsored by Sen. Mike McGinn (R-Eagan), awaits committee action. The omnibus higher education finance bill required MnSCU to assess optional student fees on an opt-in basis and requested the University of Minnesota to do the same. The omnibus bill did not have a requirement for legislative approval of fees.

HF742/SF1257

Studying abroad

A plan that would require prospective foreign language teachers to spend time outside the United States was not included in the higher education omnibus law.

Sponsored in the House by Rep. Mike Jaros (DFL-Duluth), the bill would require students at a Minnesota State Colleges and Universities (MnSCU) institution who are preparing to teach a foreign language in the K-12 system to study abroad for one year. It would request that the University of Minnesota also adopt the policy.

According to Jaros, most teachers learn what they know about countries whose language they are teaching in the classroom. He said they should visit the country to study its history and be subjected to its culture. Jaros said without a hands-on experience in a country where the language is spoken would be akin to having surgery performed by a surgeon who only learned from a textbook.

He said students majoring in a foreign language generally spend their first two years on grammar, year three is more about conversation and culture, and year four deals with more literature and linguistics. "So the junior year would be the best to go and a student can be totally immersed in the language," Jaros said. He said the requirement would be waived for someone for whom the foreign language is their native tongue, and they have shown proficiency.

Leslie Mercer, MnSCU associate vice-chancellor for research, told the House Higher Education Finance Committee that she is supportive of the general intent, but is against the bill because it may be a burden financially to some students, could affect some students' track to graduation by being gone for a year, and for some students family matters would be an issue. She added that many students already study abroad for one semester or during the summer.

Sen. Sandra Pappas (DFL-St. Paul) is the sponsor in the Senate, where the bill awaits committee action.

HF188/SF144

State grant eligibility

A bill that would have excluded students attending private, for-profit institutions from participating in the state grant program was not included in the 2003 higher education omnibus law.

Sponsored in the House by Rep. Marty Seifert (R-Marshall), the bill would affect schools such as Aveda Institute, Duluth Business University, Dunwoody Institute in Minneapolis, National American University at the Mall of America, and Rasmussen College in Eagan, Mankato, Minnetonka, and St. Cloud.

According to the Minnesota Career College Association, approximately 15 percent of students receiving a state grant attend a private, for-profit college. They receive about 18 percent of state grant dollars awarded.

Any post-secondary educational institution is currently eligible to participate in the state grant program if it is determined by the Higher Education Services Office, which administers the program, that the institution "maintains academic standards substantially equivalent to those of comparable institutions operated in this state."

Seifert told the House Higher Education Committee that the members need to decide philosophically whether tax dollars should be put into for-profit institutions and how to measure the value the state gets back for dollars put in.

Some members expressed concern about hurting students that are getting trained at the schools. Representatives from colleges that would be affected said many of them serve lower income Minnesotans. "Our students need to be given the same choices and funding opportunities as other students," said Jeanne Hermann, director of Globe College. "Eliminating that choice will hurt all Minnesotans."

Sen. Sharon Marko (DFL-Cottage Grove) sponsored the measure in the Senate, where it awaits committee action.

HF862/SF529

No grants for summer classes

As the House Higher Education Finance Committee looked at ways to make changes to the state grant program, an idea from

Committee Chair Rep. Doug Stang (R-Cold Spring) was offered, but failed to be included in the omnibus higher education law.

His plan calls for the elimination of state grants for students attending classes in summer terms. The program began in 1995, but funding was not authorized until 1997.

Stang said his proposal was possibly one way to address the higher education funding shortfall and as a way to help partially offset the impact of higher tuition rates on state appropriations. He said the grants would be more focused on students during a traditional school year, meaning amounts could be higher for those students.

A number of student groups spoke against the plan. Among their concerns were that the plan would prevent some students from attending classes and it could take longer for students to graduate.

There was no action in the Senate on the proposal.

HF1242/SFnone

No voluntarism requirement

Students will not be required to help others in order to receive a state grant.

A plan proffered in the House by Rep. Marty Seifert (R-Marshall) that would have required students receiving more than \$2,000 per semester in state grants to perform at least five hours of volunteer service during that period was not part of the 2003 omnibus higher education law. However, it remains alive for consideration in 2004.

"Minnesota is one of the most generous states in what we give without getting anything from the student," Seifert said. "There needs to be some personal responsibility for the high grant amounts."

Under the bill, if a student did not fulfill the volunteer requirement the grant would be capped at \$2,000. Students with disabilities would be exempt from the requirement.

Students would be required to volunteer at a nonprofit or community organization, and would need to provide proof the requirement had been met. The institution would then be responsible for notifying the Higher Education Services Office, which administers the grant program.

"We're open to seeing how this works and getting feedback from the students," said Frank Viggiano, executive director of the Minnesota State University Student Association.

Rep. Carla Nelson (R-Rochester) agrees with the personal responsibility issue, but was

concerned about balance. She said that if too little voluntarism is required it puts a burden on the institution, but too much could impede student progress on their studies.

Some concern was raised that the proposal would disproportionately affect private college students.

According to the nonpartisan House Research Department, 4,931 students attending four-year private institutions, and 589 attending two-year private schools received the target amount in the 2002-03 school year. By comparison, 1,396 public school students surpassed the \$2,000 per semester mark. Overall, more than 71,000 students received state grants.

Sen. Sharon Marko (DFL-Cottage Grove) sponsored the bill in the Senate, where it awaits committee action.

HF843/SF1105



PHOTO BY TOM OLMSCHIED

A bill that would notify policyholders that their homeowners insurance is being cancelled because a mortgage company did not pay the premium out of an escrow account remains alive for the 2004 session.

★ INSURANCE

Ensuring coverage exists

A bill that would forbid an insurance company from canceling homeowner's insurance for nonpayment of premium, if the premium is to be paid directly out of a mortgage escrow account, is on hold.

Under the bill, the insurance company would be required to notify policyholders by certified return receipt mail prior to cancellation due to non-payment from a mortgage escrow server.

Rep. Debra Hilstrom (DFL-Brooklyn Center), the House sponsor, said the measure was brought by a constituent who had his homeowner's insurance cancelled due to non-payment by a mortgage company and found out that he had no coverage after a fire destroyed his home.

The mortgage company's bank ultimately found his cancelled check, which showed the consumer had paid the bill, and showed it to the insurance company, as proof that the policy may have been cancelled in error.

While some representatives were in favor of the bill, many had questions about its language and details. Others, however, expressed outright opposition.

Rep. Tim Wilkin (R-Eagan), a former insurance writer, said current law already mandates notification, a detail confirmed by a nonpartisan House researcher.

"We're just adding expense," Wilkin said.

Hilstrom said she is willing to work with

insurance companies that are concerned about increased premium costs. "However, I really do think that you would want to know if your homeowner's insurance had not been paid through your escrow account, and this is one way to attempt to make sure that that happens."

Representatives from the Insurance Federation of Minnesota and the Minnesota Association of Farm Mutual Insurance Companies testified against the bill.

Sen. Linda Scheid (DFL-Brooklyn Park) is the Senate sponsor.

No vote was taken during the initial House hearing, so the bill awaits committee action in both bodies and may be reconsidered in 2004.

HF180/SF157

★ LAW

Seatbelt 'gag' rule remains

A 40-year-old law prohibiting evidence about seatbelt use in personal injury cases would be repealed under a bill approved by House and Senate committees in 2003. However, the measure must wait until 2004 for further action.

Civil cases involving injury or property damage due to a car accident currently cannot include evidence of whether the injured person was wearing a seatbelt at the time of the accident.

According to the House sponsor, Rep. Paul

Kohls (R-Victoria), the prohibition can result in unfair awards because a person's injuries may be enhanced due to their own failure to wear a seat belt. Juries should have all the relevant information and be able to assign some percentage of blame to the victim of the accident if they see fit to do so, he said.

While most drivers and front seat passengers are required to wear seatbelts in Minnesota, law enforcement officers cannot stop drivers merely for failing to wear seat belts. Most back seat passengers and drivers in specific instances are excluded from the requirement.

Opponents said repealing the law would give defense lawyers a way to pass the blame from bad drivers to good ones and result in a windfall to insurance companies. Mike Bryant, a Minneapolis attorney, said a legislative commission explored the proposal in the 1990s and decided against repealing the law. He said the change would require someone to assume they are going to be in an accident, and punish them if they don't.

Sen. Don Betzold (DFL-Fridley) sponsored the Senate version, which did not receive committee approval.

HF513/SF467

★ LOCAL GOVERNMENT

Abolishing rail authorities

When regional rail authorities were created by the Legislature in 1980, they were originally designed to allow Greater Minnesota counties the option of preserving and possibly expanding existing freight and rail services.

Seven years later, the law was expanded to allow regional rail authorities to study, plan, and design light-rail systems.

Since that time, a number of rail authorities have developed rail plans and advocated for the expansion of rail transit in the state.

A bill, included in the House transportation finance plan, would abolish regional rail authorities in the seven-county Twin Cities metropolitan area. The provision was removed from the final transportation finance law but remains alive for 2004. It did not receive committee approval in the Senate in 2003.

Regional rail authorities were created as special units of local government, with the powers to levy local property taxes. The idea was to address situations in which, for example, a small town grain elevator would be left without railroad service.

Though all 87 counties in the state are allowed to create regional railroad authorities, few Greater Minnesota counties have done so. Conversely, all seven metropolitan counties have regional rail authorities.

The original law did not dictate the specific makeup of regional rail authorities, whose members are appointed by the county boards. In the case of the metropolitan counties, the respective county boards have appointed themselves as the various regional railroad authorities.

Proponents of the bill said the authorities are redundant and the duties should be handled by the state Department of Transportation and the Metropolitan Council.

Rep. Philip Krinkie (R-Shoreview) and Sen. Mady Reiter (R-Shoreview) sponsored the bill.
HF688/SF686

Opting out of mandates

A bill that would establish a process and conditions by which local governments may opt out of certain state mandates failed to receive a committee vote in either body in 2003.

Sponsored by Rep. Mark Olson (R-Big Lake) and Sen. Warren Limmer (R-Maple Grove), the bill would allow cities, counties, school districts, and townships to adopt a

resolution, following a public hearing, to opt out of any state mandate, save for those pertaining to election law, property tax laws, and accounting and financial management procedures and audit requirements.

The bill defines a mandate as any state law or rule related to local government structure, operation, services, programs, or financing that:

- imposes a cost on a local government even if it authorizes imposition of a tax or fee to cover that cost;
- decreases revenue without a commensurate decrease in services required by law;
- establishes mandated goals or practices;
- imposes criminal or civil liability on the local government or its officers or employees for failure to follow or enforce the law or rule;
- restricts the ability to establish or finance services, programs, or plans; or
- implements or interprets federal law, and thereby changes service levels beyond those required by federal law.

To opt out, under the bill, a local government must do so by a resolution that cites the state law or rule that imposes the mandate, identifies costs of complying with the mandate and federal and state funds available for purposes of the mandate, states why the local government wants to opt out, and indicates how the local government will otherwise meet the objectives of the mandate or why the mandate does not apply to the local government. Once 10 percent of local governments of the same kind had adopted and filed resolutions to opt out of the same mandate, then after the next legislative session has adjourned, the mandate would be waived for those who filed unless the Legislature enacts a law prohibiting the opt out.

The closest the bill came to a committee vote was when the House Local Government and Metropolitan Affairs Committee tabled the bill after a hearing that included the offering of an amendment that would prohibit governments from opting out of the state Human Rights Act.

This bill is essentially identical to the bill establishing a mandate opt out procedure for school districts. (See related story, page XX.)

HF473/SF700

★ RECREATION

Shooting ranges under fire

A measure that would prohibit local governments and neighbors from limiting the operation of shooting ranges was approved by three House committees but failed to receive a vote on the House floor.

The bill would direct the Department of Natural Resources to develop generally accepted operation practices for shooting ranges and protect those ranges who comply with the guidelines from nuisance lawsuits. The measure also would require local governments to pay for noise buffering when development approaches within one mile of an established shooting range.

Local governments would have to pay for range safety improvements or relocation if the range becomes a safety hazard due to encroaching development, under the bill.

"We are telling local governments, 'Please don't encroach on shooting ranges because they are a valuable asset to the state of Minnesota,'" said House sponsor Rep. Tom Hackbarth (R-Cedar).

Other proponents said shooting ranges are one of the largest industries in the state and make significant contributions to the economy. The ranges are under pressure from development and a growing population, they said, and local governments could make a greater effort to protect them.

Several associations representing cities, towns, and counties testified against the bill because it would unnecessarily restrict local planning and zoning authorities and allow the property rights of shooting range owners to supersede the rights of all other surrounding property owners, they said.

A companion bill sponsored by Sen. Jim Vickerman (DFL-Tracy) received approval from two committees, and awaits action by a third.

HF327/SF462

Overseeing Metrodome operations

A bill that would give Greater Minnesota communities better representation on the body overseeing the Metrodome by diminishing Minneapolis' current majority power stalled in 2003, but remains alive for 2004.

The bill would have changed the name of the commission to the Minnesota Sports and Entertainment Commission; increased the membership to 10 commissioners appointed



PHOTO BY TOM OLMSCHIED

The makeup of the commission that operates the Metrodome would be changed to have more Greater Minnesota representation under a bill that failed to become law in 2003.

by the governor, with each congressional district being represented by a member; and required the governor to appoint the chair as the 11th member.

Created under 1977 state statute to oversee Metrodome construction, the Metropolitan Sports Facilities Commission owns and operates the facility. It is comprised of six members appointed by Minneapolis leaders, and a chair, appointed by the governor. The members serve four-year terms.

Sen. Cal Larson (R-Fergus Falls), the Senate sponsor, said that the commission does not reflect the stadium as a statewide asset. "It's not the Metropolitan Twins," he said. "It's not the Metropolitan Vikings."

Larson added that the Minneapolis City Council should not be allowed to appoint six members to the board when only 10 percent of the state's population resides in Minneapolis.

Minneapolis backed the bonds with a downtown hospitality tax that provided construction funds, took the risk associated with that measure, and imposed a temporary liquor tax to raise funds, among other measures, said Rep. Ann Lenczewski (DFL-Bloomington). Why, she asked, would any municipality assume such a large measure of responsibility without guaranteed control?

Rep. Carlos Mariani (DFL-St. Paul) said he was concerned about the message the bill would send to other communities considering hosting stadiums.

Minneapolis also opposed the bill, according to City Coordinator John Moir.

The bill stalled in the House Ways and Means Committee. In the Senate, the bill was withdrawn from the Rules and Administration Committee and returned to its author.

The House sponsor was Rep. Lynn Wardlow (R-Eagan).

HF1042/SF633

★ SAFETY

Status check ID stalls

A set of temporary rules governing Minnesota driver's licenses and state identification cards would be made permanent under a bill approved by the full House that stalled in 2003.

The bill did not pass the Senate, and although it was included in the omnibus transportation finance bill, the provision was not included in the conference committee agreement on the bill.

The bill would put into statute a set of rules adopted by the Department of Public Safety during the summer of 2002. Those rules mandate that a temporary foreign visitor's visa expiration date be printed on their driver's license or identification card. A proposed design, being used under the temporary rules since last July, showed that information printed under the words "status check date" in red letters on the front and back of the card.

The bill also requires applicants to prove they are in the United States legally before they can be given a license. Previously, simply showing a recent driver's license from another state with a color photo or other image was sufficient to obtain one in Minnesota.

Supporters said the bill would help law enforcement prevent terrorism by letting police officers know when someone they encounter has overstayed their allowed time in the United States. If that were the case, an officer would then check with the immigration and naturalization service officials to find out if the person is wanted by that agency.

Several members of the public testified against the bill, expressing concerns about the high visibility of the visa expiration date and the stringent license application process, saying the bill could lead to unfair and unequal treatment of immigrants in Minnesota.

The bill will still be alive in 2004, though the department is seeking permanent rules enacting the policy. The bill is sponsored by Sen. Dave Kleis (R-St. Cloud) and former Rep. Rich Stanek (R-Maple Grove), now commissioner of the Public Safety Department.

The Senate version did not receive committee approval.

HF1/SF87

Crib safety

A bill that would have limited the use and resale of old and unsafe children's cribs passed two House committees, but stalled in a third in 2003.

Among the bill's provisions, it would have required child-care providers to conduct monthly crib safety inspections. The state commissioner of human services would have reviewed mandatory records of such examinations during official inspections.

Additionally, child-care providers would have been required after Jan. 1, 2004, to maintain documentation for each crib, stating its brand name and model number; to annually certify that their cribs are not identified as unsafe by the Consumer Product Safety Commission; or certify that the cribs have been repaired to be safe. The provider's documentation would be maintained on the Internet for viewing by parents and the commissioner.

Safety inspections would have accounted for spacing between side slats, the height of railings, and the integrity of hardware, among other items.

In addition, the bill would:

- prohibit the sale or resale of unsafe cribs;
- prohibit hotels and motels from lending unsafe cribs to patrons; and
- allow retrofits of unsafe cribs where the Consumer Product Safety Commission has approved the retrofit and where the procedure is disclosed at the time of sale.

Rep. Katie Sieben (DFL-Newport), the House sponsor, said the bill would not prohibit the sale of potentially unsafe cribs at garage sales due to the state's inability to enforce such a measure.

The bill drew testimony from an emotional father.

"I cannot explain what it's like to lose a child," said Rick Torgerson of Lino Lakes, a large, framed photo of his son, Luke, displayed on the witness table.

Torgerson explained that his son's death was a result of an unsafe crib at a daycare. The daycare's cribs, which had been purchased at a garage sale, were inspected one business day prior to Luke's death, Torgerson said, as part of biannual county inspections. However, the inspection was only visual.

The bill was approved by the House Commerce, Jobs, and Economic Development Policy Committee and the House Civil Law Committee. It stalled in the House Health and Human Services Policy Committee.

The Senate sponsor is Sen. Ellen Anderson (DFL-St. Paul).

HF374/ SF377

Focusing emergency response

A bill that aims to assure that 911 systems accurately identify locations of an emergency in buildings where there are large numbers of offices did not pass the full House or Senate in 2003.

Sponsored by Rep. Steve Strachan (R-Farmington) and Sen. Dallas Sams (DFL-Staples), the bill would require public and private sector building owners installing new multi-line telephone systems to include corrective technology so 911 calls from a commercial office or government center, for example, would show operators the correct address of a potential emergency.

Strachan said the bill may resolve a long-standing problem 911 systems have had locating addresses. Multi-line phone systems that require the user to dial "9" for an outside line will often show the emergency operator the address of a business headquarters or a phone line switching location, rather than the

location of where the potential emergency call originated.

The bill provides exemptions for businesses that have one large location, those with 24-hour security staffs that assist emergency responders, and those that currently provide correct information for public emergency services to respond properly.

In 1996, Gov. Arne Carlson vetoed a similar bill, citing its excessive cost for requiring the location of every phone line in a multi-line system to be identified. No fiscal note was offered for the current bill.

HF622/SF653

Sprinkler plan is doused

An effort to require fire protection sprinklers in all existing high rises more than 75 feet tall in Minnesota did not move forward, following committee rejection of just such a bill.

Two amendments were approved prior to the bill being voted down by the House Commerce, Jobs, and Economic Development Policy Committee.

One would exempt from the sprinkler mandate residential buildings consisting of at least 70 percent owner-occupied units, such as condominiums. It was offered by the House sponsor, Rep. Dennis Ozment (R-Rosemount).

The second would exempt government-owned public housing from the sprinkler mandate. It was offered by Rep. Karen Clark (DFL-Mpls) and Rep. Joe Mullery (DFL-Mpls).

Clark and Mullery said the bill would impose a \$17 million unfunded mandate on the Minneapolis Public Housing Authority, which is the largest landlord and direct provider of affordable housing in the state. The agency has 30 properties with 4,124 units that would have been affected by the proposed mandate.

In favor of the amendment were Josephine Johnson, president of the Minneapolis High Rise Representative Council, and Doug Schelskey, a member of the resident advisory board for the Minneapolis Public Housing Authority's property on Central Avenue. The two said that the units are well constructed of non-combustible masonry and that fires that have occurred have not escaped the unit in which they occurred.

"I'm convinced our apartments are safe, even when smoke inhalation comes in," Schelskey said.

Johnson said the residents would rather have the Minneapolis Public Housing

Authority spend its limited money on security guards and working elevators. "Sprinklers really are not our main concern," Johnson said.

Testifying against the bill itself were the Minnesota Multi-Housing Association and the Amherst H. Wilder Foundation, the latter of which owns or manages 1,010 units of affordable housing in the metropolitan area.

Testifying for the bill was Al Ratzloff, deputy director of fire services for the City of Mankato, and Tom Brace, the former state fire marshal.

In the Senate, where Sen. Steve Murphy (DFL-Red Wing) is the sponsor, the bill was approved by one committee and awaits action by the Senate Taxes Committee.

HF336/SF295

★ TAXES

Cigarette tax proposal falters

Cigarette taxes would have increased by \$1 per pack if a bill had passed in 2003. But the proposal, which was partially included in the Senate's tax bill, did not pass the House.

The bill would also eliminate the state tax on medical providers. The cigarette tax increase would offset the lost revenue.

Under the bill, taxes on a pack of cigarettes would go from 48 cents to \$1.48, and taxes on other tobacco products would rise by the same proportion. If passed, Minnesota would have one of the highest tobacco taxes in the nation.

Previous proposals to eliminate the provider tax would have used money from the state's general fund surpluses or tobacco settlement fund to make up for lost revenues, but the projected budget shortfall forced supporters to be more creative in finding solutions.

Bill proponents also said it would reduce teen and adult smoking and save the state long-term medical costs associated with smoking.

Provider taxes accounted for 1.4 percent of the state's budget in 2002, according to the nonpartisan House Fiscal Analysis Department, and are primarily assessed on health care providers, including hospitals, physicians, dentists, psychologists, and others. Money collected from the tax goes into the state's Health Care Access Fund, which finances the MinnesotaCare subsidized health insurance program for low- and moderate-income families and individuals. The current tax rate is 1.5 percent of a provider's gross expenditures, and is scheduled to return to the 2 percent level beginning in January 2004.

However, critics argued that the tobacco tax is the state's most regressive because low-income people are much more likely to smoke than more affluent individuals.

Like the provider tax, money generated by a tobacco tax would go into the dedicated Health Care Access Fund under the proposed legislation.

Rep. Fran Bradley (R-Rochester) and Sen. Sheila Kiscaden (IP-Rochester) sponsored the bill.

HF29/SF114

Vehicle tax break

Alternative-fuel vehicle purchasers and those buying fuel-efficient automobiles remain ineligible for a sales tax break.

A bill sponsored by Rep. Frank Hornstein (DFL-Mpls) and Sen. D. Scott Dibble (DFL-Mpls), would provide a motor vehicle sales tax exemption from July 1, 2003 to June 30, 2007 for automobiles:

- certified with a fuel efficiency of at least 45 miles per gallon on the highway and 35 miles per gallon in the city; or
- powered solely from an alternative fuel source; or
- powered partially from a rechargeable energy storage system and partially from regular or alternative fuel, or both.

Alternative fuels include alcohol fuels that are at least 70 percent alcohol by volume, natural gas, liquefied petroleum gas, hydrogen, coal-derived liquid fuel, fuels derived from biological products, and electricity, including solar power.

Hornstein told the House Taxes Committee that the measure would help the United States reduce reliance on imported oil, improve global warming, and lead to fewer cases of cancer and asthma for those living along busy transportation corridors.

"If we can be known as an alternative fuel state, that will also enhance our ability to develop economically," Hornstein said, adding that 20 other states offer similar incentives.

The U.S. Department of Energy identified 2,657 alternative-fuel vehicles in use in Minnesota in 1997 and 6,267 in 2000.

The average price of vehicles qualifying for exemptions under the bill is \$19,000. On the market today are the Toyota Prius, Honda Insight, and Honda Civic Hybrid. On the way are nine vehicles by six automakers, according to literature supplied by Hornstein.

The estimated tax loss to the state during the four years was \$8.9 million.

The bill was included in the Senate omnibus tax bill, but not the House bill. The provision was ultimately removed in the conference committee.

HF507/SF450

Tax haven countries

Corporations or their subsidiaries incorporated in a tax haven country are still permitted to work with state agencies because a bill prohibiting the practice failed to become law.

The measure would prohibit any state agency from entering into or renewing any contract with a corporation or its subsidiary if the business is located in a tax haven country if the United States is the principal market for public trading of the corporation's stock. The business would be responsible for notifying the agency commissioner of their ineligibility.

Rep. Bill Hilty (DFL-Finlayson), the House sponsor, said state agencies have previously entered into contracts with businesses that participate in the practice. He felt it was time to do something because the state has given significant sums of money to those with headquarters offshore.

Although there have been only two contracts in the past with nominal monetary value, Ferdinand Schoettle, a law professor at the University of Minnesota, said it's like catching a cancer in the first stage.

A trend that moves corporations out of the country is not in the state's best interest, Schoettle explained, referring to corporations that move their headquarters to tax haven countries to avoid corporate income tax.

A tax haven country is defined as one that has no corporate income tax or has a tax rate of less than 10 percent on income that is not derived from that country. The bill lists several examples including: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, and Cyprus.

North Carolina has already enacted a similar law, and California introduced comparable legislation in 2003, Schoettle stated.

The measure passed in the Senate, where Sen. Richard Cohen (DFL-St. Paul) is the sponsor, but awaits action in the House State Government Finance Committee.

HF914/SF755

Market value issues

A bill that would delay the scheduled phase-out of the state's limited market value program failed to garner approval in 2003.

Sponsored by Rep. Michael Paymar (DFL-St. Paul) and Sen. Richard Cohen (DFL-St. Paul), the bill would extend the phase-out of limited market value for three additional years by using the same limits for determining the increase in market value for taxes payable in 2003 through 2006, and then resuming the current law scheduled phase-out for taxes payable in 2007 through 2010.

According to nonpartisan House researchers, the limited market value program was created by the Legislature to keep property taxes in check by limiting the amount that a property's value can grow through the years. Eligible properties include residential, agricultural, timberland, and non-commercial seasonal recreational residential, such as cabins.

In calculating which property among these categories qualifies, the assessor continues to determine the property's fair market value, often called the estimated market value. However, qualifying property is taxed at the limited market value rate if its growth exceeds the limit.

To determine the limit for taxes due in 2003, the market value increase must not exceed the greater of 10 percent of the limited market value in the preceding assessment year or 15 percent of the difference between the current year's estimated market value and the previous year's limited market value.

In 2001, a law was enacted to phase out the limited market value program over six years, from assessment years 2002 to 2007. Therefore, all property will be valued at full market value for property tax purposes beginning in 2007 for taxes due in 2008.

Bill proponents said the program should not be phased out because market value increases are exceeding income increases. "Let's see what happens when the economy improves," Paymar said.

But other representatives said the program does the opposite of what it was intended to accomplish and simply shifts the tax burden. Rep. Ann Lenczewski (DFL-Bloomington) said the limited market value program is "crazy" because it says that those whose assets have increased in value shouldn't have to pay more.

Neither the House nor Senate bills were included in their respective omnibus tax bill.

HF241/SF211

Delayed payment

Resort owners cannot delay the first half of their annual property tax payment by two months, since a bill permitting such was not included in either the House or Senate omnibus tax bill.

Under current law, first half property tax payments on certain homesteaded resort property and commercial resort property is due May 15. However, most resorts don't open for business before Memorial Day. The bill would delay the payment until July 15 and could also relieve cash flow problems faced by small-resort owners.

The second half payment would continue to be due Oct. 15, under the bill.

Mike Tonnes, owner of Papoose Bay Lodge in Park Rapids, told the House Taxes Committee that small- and medium-sized resorts have seen the winter customer base drop dramatically in the past five years due to a lack of measurable snow. This has cost him \$100,000 in lost profit, he said. Furthermore, he said that reservations for summer are down. "We're just having a tough time and we're not alone."

But Rep. Joe Mullery (DFL-Mpls) and Rep. Ron Abrams (R-Minnetonka), the committee chair, questioned whether approving the bill would cause other seasonal business owners to request a tax payment delay. Abrams was further concerned that a property tax payment delay could have a negative impact on county cash flow.

Rep. Doug Fuller (R-Bemidji) and Sen. Carrie Ruud (R-Breezy Point) are the sponsors.

HF364/SF321

Small resort assistance

A bill that would help preserve small resorts by creating a tax deferment program was not included in the House omnibus tax bill.

Sponsored by Rep. Larry Howes (R-Walker) and Sen. Dallas Sams (DFL-Staples), the bill would create a valuation and tax deferment program for class 1c homesteaded resorts. The program is similar to the agricultural "Green Acres" program.

Under the bill, taxes would be based on the use of the property as a resort and not on the estimated market value of the land. If the land was sold and used for something other than a small resort, a tax would be due equal to the difference between the tax actually paid and the amount that would have been paid based on the full estimated market value for three years.

A person purchasing the resort would also qualify for the deferment program, provided

the property remains a small resort.

David Thompson, owner of Fisherman's Village Resort in Otter Tail County, said the bill addresses the rising value of lakeshore property that subsequently drives up property taxes for small-resort owners who help fuel the state's economy.

Rising taxes are forcing some resort owners to close, according to a letter submitted to the committee by Joel Carlson, a lobbyist for the Congress of Minnesota Resorts. Where there were once 3,000 family-operated resorts, there are now fewer than 1,000, according to the letter.

The bill awaits committee action in the Senate.

HF331/SF322

★ TECHNOLOGY

Nanotechnology institute

A bill to put Minnesota squarely in the futuristic field of nanotechnology through the funding of a southeast Minnesota institute passed one House committee, but subsequently stalled in the House Jobs and Economic Development Finance Committee in 2003.

It also awaits action in the Senate Finance Committee.

Nanotechnology — said to be the next Industrial Revolution — is the direct manipulation of atoms and molecules at the atomic level. It has applications in nearly every aspect of modern life, from space travel to cancer treatments. One example is specialty fabric treatment for medical uniforms that could prevent infections in hospitals.

As introduced, the bill would provide \$5 million in state funding for the creation of the Rushford Institute for Nanotechnology, in Rushford. It was later amended to leave the appropriation unspecified.

The institute would serve as a business incubator, with a fully equipped research laboratory at its heart. There, small businesses could develop prototypes to attract companies such as Kodak, 3M, and Johnson & Johnson, said Deb Newberry, president of Newberry Technologies and a nuclear physicist.

Proponents said that state funding would ensure job growth and statewide economic viability, not only for the small town of Rushford, but also for the region.

The program also contains an education component. The local school system was the first in the country to develop a

nanotechnology graduation standard. And a partnership with the Winona technical college is creating what is said to be only the second two-year technical degree in the country.

Rep. Greg Davids (R-Preston) and Sen. Bob Kierlin (R-Winona) are the sponsors.

HF176/SF243

Electronic library access

A proposal to spend \$800,000 to support electronic access to more than 13,000 books, newspapers, and periodicals in schools and libraries throughout the state was not included in either a House or Senate omnibus bill.

The bill would designate general fund money for statewide licenses to selected online databases used by public, school-based, and state agency libraries, as well as those at public and private colleges and universities.

"This is continuing funding for the e-library system used by students and many families," said Rep. Bud Nornes (R-Fergus Falls), the House sponsor.

For the 2002-03 biennium, funding for the Electronic Library for Minnesota included \$800,000 from the Department of Education and \$2 million from the Higher Education Services Office.

The e-library, part of the MINITEX Library Information Network based at the University of Minnesota, offers state residents electronic access to more than 4,800 online magazines and journals and more than 8,600 electronic books, including almanacs, encyclopedias, directories, and other resources.

"This provides materials to libraries equally throughout the state," said Lars Steltzner of Afton, a retired media specialist. "It's a real close on the gaps between the haves and the have-nots."

The \$800,000 in K-12 funds proposed for the e-library system was not included in Gov. Tim Pawlenty's budget recommendations for 2004-05.

Sen. Tom Bakk (DFL-Cook) sponsors the Senate companion bill.

HF626/SF756

Surcharge for student learning

An education telecommunications fund based on a phone bill surcharge would be established under a bill considered in 2003, but not passed. The measure remains alive for 2004.

The money would be used to maintain and expand an Internet network in the state that

connects K-12 public schools, public libraries, and the state's colleges and universities.

"This is the only network for K-12 schools and public libraries," Peg Werner, chair of the Minnesota Library Association's telecommunications committee, told the House Regulated Industries Committee. "If it's gone, there is no Internet," she said, noting that the network has been built over the past seven years with federal funding, as well as incremental state funding that has expired.

Telecommunications fund money would come from a 25-cent surcharge on the monthly bill for each customer wireless or hardwire line for voice or data services. The surcharge is expected to raise \$16 million a year.

The fund would be administered by the Education Department, with program oversight by the Minnesota Education Telecommunications Council. Schools and public libraries that receive telecommunications funds from the state would be required to apply for discounted rates from telecommunications service providers.

Buzz Anderson, representing the Minnesota Retailers Association, said the bill was a "bad idea" because it would increase business costs in the state. Large retailers and service companies have "thousands of phone lines," he said.

For rural school districts, the Internet learning network is essential, said Vernae Hasbargen, executive director of the Minnesota Rural Education Association. "It's the one vehicle we have to equalize access to learning opportunities," she said.

The bill passed one House committee and awaits action in a second. In the Senate, the bill was included in the omnibus tax bill, but was removed by a conference committee.

Rep. Bob Gunther (R-Fairmont) and Sen. Steve Kelley (DFL-Hopkins) are the sponsors. HF794/SF766

★ TRANSPORTATION

Gas tax, local sales tax options

A bill that would raise the gas tax and authorize a local sales tax option in the metropolitan area, all in the effort to increase funding for transportation, did not advance from the House in 2003, though portions of it were included in the Senate transportation proposal.

The bill would increase the gas tax by 8 cents per gallon – from 20 cents to 28 cents – and would allow for additional variable increases to pay the costs of financing a \$1.24 billion issue of trunk highway bonds, the proceeds of



PHOTO BY TOM OLMSCHEID

A bill that would increase the gas tax by 8 cents per gallon and add an additional variable gas tax to pay debt service on a trunk highway bond issue failed to pass in 2003. The bill would also authorize a half-cent sales tax in 11 metropolitan-area counties to fund transportation projects, if approved in a referendum.

which would pay for additional transportation-related projects.

Estimates show that the gas tax would increase a total of 14 cents through 2028, under the bill. The increased gas tax would generate an additional \$840 million and the sales tax would bring in an additional \$200 million, according to testimony.

The bill also authorizes 11 metropolitan-area counties to collect an additional half-cent sales tax in their communities for transportation-related projects if the voters in those communities approve the tax. The revenue would go to a metropolitan transportation fund, 75 percent of which could be spent on highway improvements including bottleneck alleviation, and 25 percent for transit capital projects.

The counties included in the provision are Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

The bill also calls for an additional \$763.7 million in general obligation bonds for various local road projects. The additional bond proceeds would be divided, under the bill, as follows:

- \$760 million for a major local projects account in the local road development fund including \$20 million for local bridge replacement and rehabilitation grants,
- \$2.7 million to the Board of Water and Soil Resources for road project-related wetland replacement, and

- \$1 million for grants to towns to replace town road signs.

The bridge and wetland replacement funds are intended, in part, to replace funds that Gov. Jesse Ventura vetoed from the 2002 bonding bill.

The \$2.7 million for road project-related wetland mitigation was included in the 2003 bonding law. (See related story, page XX.)

The local project fund identified in the bill would be allocated similarly to how projects are funded through the county-state-aid and municipal-state-aid systems, which is largely based on need. In addition, the bill would provide funds for cities with populations below 5,000 that do not currently qualify for any municipal-state-aid funds.

Rep. Ron Erhardt (R-Edina) and Sen. Dean Johnson (DFL-Willmar) sponsored the bill.

HF1255/SF1203

License fee revenue

A bill that would increase license tab fees to raise additional revenue for transportation projects was considered, but not included in, the 2003 House transportation finance package. Portions were contained in the Senate's version, but the conference committee did not agree to the provision.

In 2000 as part of a budget compromise, Gov. Jesse Ventura chose to reduce license tab and registration fees. Currently, the tax is

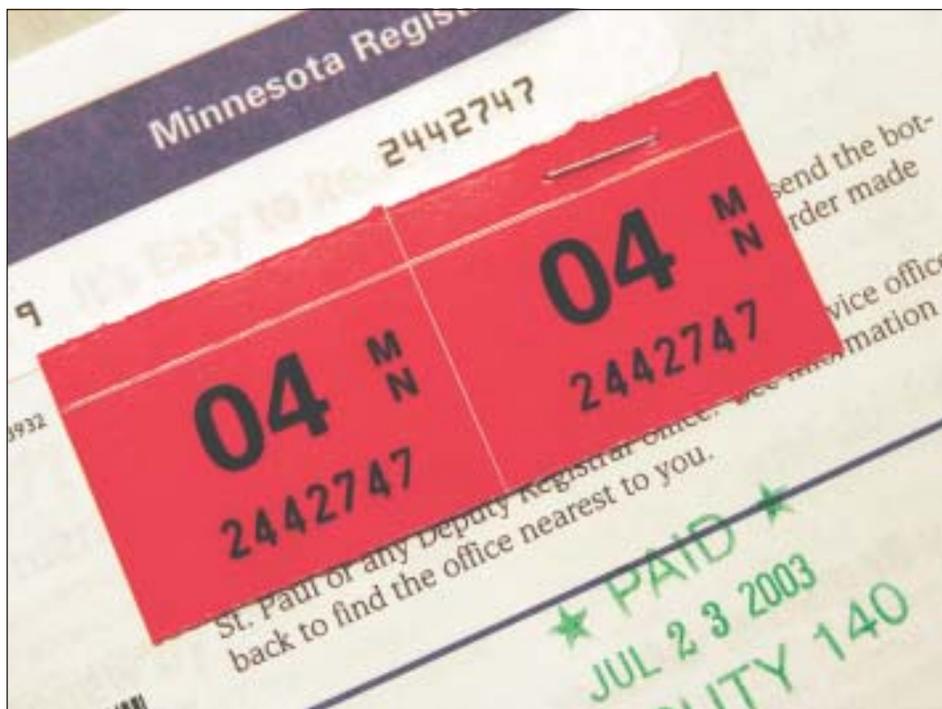


PHOTO BY ANDREW VONBANK

License tab fees will not be raised to pay for transportation projects this year, but the proposal may be considered in 2004. A bill that would have raised the fees in the second, third, and fourth years of a vehicle's life was not included in the omnibus transportation finance law.

based on its full value the first year of a vehicle's life. It shall not exceed \$189 in the next year, and is limited to \$99 in each of the following years, under existing law.

The bill would raise those limits to \$200 in the second year of a vehicle's life, \$175 in the third year, \$125 in the fourth, and would maintain the

\$99 limit for the fifth and subsequent years of the vehicle.

In addition, the bill would reduce the percentage of motor vehicle sales taxes dedicated to the highway user tax distribution fund from the current level of 32 percent to 27.46 percent. It also proposes that a constitutional amendment

be placed on the 2004 general election ballot to dedicate 100 percent of motor vehicle sales taxes for highway and public transit purposes, beginning in fiscal year 2008.

If voters chose to pass such an amendment, three things would happen, under the bill: vehicle license tab fees would revert to 2003 levels, 32 percent of the motor vehicle sales tax would be dedicated to the highway user tax distribution fund, and the rest of the sales tax revenue would be used for transit property tax replacement, transit assistance in the metropolitan area and Greater Minnesota, and major trunk highway projects.

Motor vehicle sales taxes were distributed as follows in 2003:

- 32 percent to the highway user tax distribution fund,
- 20.5 percent to the metropolitan area transit fund,
- 1.25 percent to the Greater Minnesota transit fund, and
- 46.25 percent to the general fund.

The final transportation finance law did change the distribution formula slightly from 2004 to 2007, but it will return to the 2003 distribution in 2008.

According to the bill, the additional revenue would be available to help fund the \$1.5 billion in trunk highway bonds authorized from 2004 to 2010.

Rep. Michael Beard (R-Shakopee) and Sen. Dean Johnson (DFL-Willmar) are the sponsors.

HF1372/SF1284