

# Selected New, Adjusted Fees Adopted in 2004

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
<b>Agriculture</b>						
Secretary of State Central Notification System filing fees for a lien notice, effective financing statement, or continuation statement, and stamping the date and place of filing on a copy of the filed document furnished by the filing party	\$15 until June 30, 2005, plus a \$10 surcharge	Effective July 1, 2005: \$15 for each filing made through the Web interface of the Office of the Secretary of State, and \$20 for each filing submitted in any other manner.	191		5, 16	8/1/04, with federal approval and qualifications; surcharge effective 7/1/04 to 7/30/05
Fee for search of the computerized filing system for effective financing statements or lien notices and statements of continuation of a particular debtor	\$15 per debtor name	\$20 per debtor name	191		10	8/1/04, with federal approval and qualifications
Photocopy fee	\$1 per page for each photocopy prepared in excess of the first 10	\$1 per page	191		10	8/1/04, with federal approval and qualifications
<b>Crime</b>						
Second Judicial District surcharge on every person convicted of any felony, gross felony, gross misdemeanor, or petty misdemeanor offense, other than a violation of a law or ordinance relating to vehicle parking	—	\$1, imposed whether the person is sentenced to imprisonment or the sentence is stayed.	278		2	Either the day after the Ramsey County Board authorizes, or 8/1/04, whichever is later, and applies to convictions on or after the effective date.
<b>Family</b>						
Marriage license application fee	\$80	\$85	273		4	7/1/04
<b>Game and Fish</b>						
Resident license fee for youth ages 16 or 17 to take deer with firearms	\$26	\$13	215		12	8/1/04
Resident license fee for youth ages 16 or 17 to take deer by archery	\$26	\$13	215		12	8/1/04
Nonresident license fee to take deer by archery	\$135	The greater of an amount equal to the total amount of license fees and surcharges charged to a Minnesota resident to take deer by archery in the person's state or province of residence; or \$135	215		13	8/1/04

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
License to trap fur-bearing animals for nonresidents	Persons ages 14-17 - \$6 Persons age 18 and over - \$20	\$73	215		14	8/1/04
<b>Health</b>						
Minnesota Board of Medical Practice physician application fee	—	\$200	270		1	8/1/04
Minnesota Board of Behavioral Health and Therapy license application fee for professional counselors	—	\$250	279	5	3	5/30/04
Annual active license renewal fee	—	\$200	279	5	3	5/30/04
Annual inactive license renewal fee	—	\$100	279	5	3	5/30/04
License renewal late fee	—	\$100 per month or portion thereof	279	5	3	5/30/04
Copy of board order or stipulation	—	\$10	279	5	3	5/30/04
Certificate of good standing or license verification	—	\$10	279	5	3	5/30/04
Duplicate certificate fee	—	\$10	279	5	3	5/30/04
Professional firm renewal fee	—	\$25	279	5	3	5/30/04
Initial registration fee	—	\$50	279	5	3	5/30/04
Annual registration renewal fee	—	\$25	279	5	3	5/30/04
Department of Health annual fees for radioactive and nuclear material: Academic broad scope	80 percent of \$20,000, rounded to the nearest whole dollar	\$19,920	236		1	5/30/04
Medical private practice, diagnostic and therapeutic	80 percent of \$4,000, rounded to the nearest whole dollar	\$3,680	236		1	5/30/04
Veterinary medicine	80 percent of \$2,000, rounded to the nearest whole dollar	\$2,000	236		1	5/30/04
Pacemaker byproduct and/or special nuclear material, manufacturing and distribution	80 percent of \$14,700, rounded to the nearest whole dollar	\$5,280	236		1	5/30/04

Area/Purpose	Existing Fee	New Fee	CH	Art.	Sec.	Eff. date
<b>Human Services</b>						
Basic sliding fee child care program parent fee	Fixed percentage of annual gross income. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of the annual federal poverty guidelines.	Parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be \$10 per month.	288	4	15	8/1/04
<b>Safety</b>						
Exotic animals: Annual registration	—	\$25 per animal, up to \$250 per person	264		1	1/1/05
Site inspection	—	\$50 initial visit, \$50 per additional visit for newly acquired animals	264		1	1/1/05
<b>Transportation</b>						
Annual permit to operate certain vehicles hauling forest products on any highway with gross weight limitations, with qualifications	—	\$300	295	1	12, subd. 5 (j)	7/1/04
Hazardous materials license endorsement background check	—	Up to \$100	295	1	14	5/30/04

## Governor vetoes five bills

*Editor's Note: A total of 163 bills reached the governor's desk during the 2004 Legislative Session.*

*The governor vetoed four bills in full and line-item vetoed one portion of the claims bill. (See page 27)*

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

*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 "presentation" 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 "presentation" 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 84.*

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

## Full Vetoes

### ★ CONSUMERS

#### Local liquor bill

A bill that legislators thought would have clarified local liquor laws when they meet with the boundaries of state prisons and other state facilities instead met with the governor's veto pen.

Under current law, liquor licenses are restricted from establishments within 1,000 feet of a state hospital, training school, reformatory, prison, or other institutions supervised by the Corrections and Human Services departments.

Some municipal officials said the language was confusing as to exactly which institutions are included under state liquor control purview.

The bill, sponsored by Rep. Andrew Westenberg (R-Blaine) and Sen. Sandra Pappas (DFL-St. Paul), specified that the restrictions apply to establishments near state training schools, state reformatories, or state prisons. Restrictions for other institutions supervised by the aforementioned departments were removed.

In his veto message, Gov. Tim Pawlenty wrote: "There are many other facilities beyond hospitals, training schools, reformatories and prisons that are, in whole or in part, under the supervision or control of the Commissioners of Human Services or Corrections. It would surprise me if the Legislature intended to allow liquor sales near all such facilities. Yet, the bill seems to do just that.

"The complete removal of statutory language relating to those other facilities supervised or controlled by the Commissioners of Human Services and Corrections is troubling and appears to have occurred without any real debate or deliberation by the Legislature."

The bill also contained a handful of local liquor license provisions that are stalled by the veto:

- The city of St. Paul would have been authorized to issue an on-sale beer and wine license for special events held on the State Capitol grounds to commemorate the Capitol centennial;
- Manning's Café in Minneapolis would have been authorized to expand its liquor license from wine-only;
- Wade Stadium in Duluth would have been allowed to expand its existing liquor license by extending the serving area from enclosed beer stands to the grandstand and dining

areas for baseball games and events sponsored by the Duluth Huskies; and

- The city of Elko would have been authorized to issue a license to Elko Speedway to serve liquor seven days per week.

Another provision would have modified brewpub license fees in accordance with the following production levels:

- \$2,500 for brewers who manufacture more than 3,500 barrels of malt liquor in a year;
- \$500 for brewers who manufacture 2,000 to 3,500 barrels of malt liquor in a year; and
- \$150 would continue to be the fee for brewers who manufacture fewer than 2,000 barrels of malt liquor in a year.

HF2816/SF2696\*/CH237

### ★ DEVELOPMENT

#### RFP exception vetoed

A proposed multi-use bus public transit facility and private development that may include housing in downtown Minneapolis likely will have to go through the competitive bidding process, after a bill that would have allowed the city to instead solicit requests-for-proposal was vetoed by Gov. Tim Pawlenty.

Typically, housing and redevelopment authorities are required to solicit competitive bids when projects exceed \$50,000. Under current law, an exception can be granted for authorities constructing structured parking facilities in conjunction with a development if the project is financed with tax-increment financing or parking ramp bonds.

Under the bill, sponsored by Rep. Margaret Anderson Kelliher (DFL-Mpls) and Sen. D. Scott Dibble (DFL-Mpls), the exception would have enabled transit facilities to cover structural parking or transit facilities financed with at least 60 percent federal funding.

The legislation was inspired by one component of the Nicollet Hotel Block project. The property is owned by the city, and the plans include a multi-use facility, including a transit layover for buses and possible housing units above the structure. The exemption is necessary, proponents said, to provide flexibility for potential developers. As it now stands, one developer could win the transit facility bid and another could be awarded the housing portion. The bill would have streamlined the process by allowing the city to solicit bids on the project as a whole through a request-for-proposal process.

“The project in Minneapolis that was the basis for this legislation seems to be one of those circumstances that may warrant an exception,” wrote the governor in his veto message. “Unfortunately, the legislation is overbroad and drafted poorly to achieve that purpose.”

Pawlenty objected to the lack of definition for “transit facility” and said many such facilities receive substantial federal funding or may be co-located with other developments. The language attempts to advance one particular project by creating a general exemption, he said.

However, the governor left the door open to future legislative efforts to advance the Minneapolis project if the above-mentioned concerns were addressed.

“Based on the information provided, the project in Minneapolis seems to have promise for a variety of reasons,” he said.

HF2492/SF2386\*/CH265

## ★ GOVERNMENT

### Buying for less

Gov. Tim Pawlenty exercised his veto authority on a bill that would have allowed state agencies to enter into volume contracts with national purchasing alliances in order to purchase goods at a lower cost.

According to the governor’s veto message, the bill “will likely cause a violation of existing contractual agreements thereby creating substantial legal and fiscal liabilities for the state.” Furthermore, he said the bill was drafted in a confusing manner.

Pawlenty encouraged bill supporters “to work with the Department of Administration to address the bill’s flaws and develop initiatives that will save taxpayers money without creating legal liabilities.”

Although agencies are already permitted to combine purchases to achieve volume discounts, the bill would have expanded the choices available to agencies by recognizing contracts bid by national purchasing alliances and cooperative municipalities in Minnesota.

The language was intended to elevate the use of contracts with alliances as another choice for state agencies and give alliances preferential treatment. To be eligible for such contracts, alliances must also comply with the rules and requirements for state contracts.

A Department of Administration official told a House committee that the department

now has 200 contracts with multiple vendors and alliances are permitted to bid on those contracts. However, the department has historically not entered into contracts with such alliances because they have failed to meet state contract requirements.

Rep. Laura Brod (R-New Prague) and Sen. Dallas Sams (DFL-Staples) sponsored the legislation.

HF2905/SF1859\*/CH291

## ★ SAFETY

### Property protection

Gov. Tim Pawlenty vetoed a bill that would have protected private property cave owners from injury lawsuits by recreational explorers.

The veto came in the wake of the April 27 deaths of three teenagers from carbon monoxide poisoning in St. Paul caves near the Mississippi River. The odorless, colorless gas tends to build up in the caves.

“In light of the deaths this week in a St. Paul cave, this is an issue we should not take lightly,” Pawlenty said in his veto message. “We’ve seen first-hand the dangers involved in cave exploration. This bill could decrease precautions to avoid tragedy in the future.”

Under current law, a landowner making his property available for recreational activities without charge has no responsibility to prevent individuals from harming themselves. Activities currently covered by the law are hunting, trapping, fishing, swimming, boating, camping, picnicking, hiking, bicycling, horseback riding, firewood gathering, pleasure driving, snowmobiling, water skiing, as well as activities including winter sports, use of trails on foot or motorized vehicles, and the viewing of historical, archaeological, scenic, or scientific sites.

The bill would have added rock climbing and cave exploration to the list. Rep. Gregory Davids (R-Preston) and Sen. Mady Reiter (R-Shoreview) were its sponsors.

The Minnesota Speleological Survey asked for the addition of rock climbing to the definition as well, recognizing that access to cave entrances occasionally requires rock climb and rappelling. The group is an affiliate of the National Speleological Society, an organization dedicated to the study, exploration, and conservation of caves.

Members expressed support for the bill, admitting it is their responsibility if they get in trouble while exploring and wanting to make sure landowners are not held responsible for their activities.

HF1861\*/SF1645/CH168



PHOTO BY ANDREW VONBANK

Gov. Tim Pawlenty vetoed a bill that would have protected private property cave owners from injury lawsuits from recreational explorers.

## ★ AGRICULTURE

### Shearing extension services

An attempt to restore county-based University of Minnesota Extension services made it out of one House committee, but not a second.

Sponsored by Rep. Al Juhnke (DFL-Willmar) and Sen. Jim Vickerman (DFL-Tracy), the bill would have required extension educators and services to be located in the county where services are provided.

It was introduced in response to the university's January 2004 restructuring of the county extension program. Formerly located in each of the state's 87 counties, extension educators are now in 18 regional centers.

Among their duties, extension educators distribute agricultural-based research to farmers, provide advice to farm families, and help counties organize youth 4-H programs.

Juhnke objected to the restructuring as a "top-down" regional concept that has resulted in diminished services.

But county and university representatives opposed the legislation, citing concerns over straining budgets and decreasing the campus research base by moving educators back to county offices.

The bill did not get a hearing in the Senate.

HF2272/SF2710

### Protecting drain tiles

A bill that would have prohibited landowners from knowingly and without permission planting trees over public or private drain tiles passed the Senate but failed to take root on the House floor this year.

Sponsored by Rep. Howard Swenson (R-Nicollet), the legislation was designed to protect the informal system of agricultural drain tiles that run across property lines in rural Minnesota.

Tile lines drain surface water from cropland in rural areas. The tiles, which are placed between 4 feet and 6 feet underground, often flow between several farms or parcels of land.

Agriculture producers and farmers testified that the tile lines have recently met with development pressures and misunderstandings between city and country residents in some farming communities.

The lines, which have been used for decades, need to drain by gravity, they explained, and tree roots can plug up or destroy the tile.

Landowners who are new to the rural landscape don't always understand the drainage needs.

Sen. Steve Dille (R-Dassel) sponsored the Senate version.

HF2478/SF2068

## ★ BONDING

### Capital projects

A nearly \$677.6 million capital funding bill was approved by the House in 2004, but not the Senate.

Instead, the \$948.7 million Senate bonding bill failed to receive the necessary three-fifths support in that body. Gov. Tim Pawlenty proposed bonding recommendations totaling \$757 million.

Rep. Philip Krinkie (R-Shoreview) and Sen. Keith Langseth (DFL-Glyndon) were the sponsors.

The largest bonding bill in state history was passed by the 1998 Legislature. It called for just under \$1 billion in capital projects.

Here are some provisions of this past session's House measure.

HF2991/SF3057

### Corrections

The bill called for \$65.4 million to the Department of Corrections. The funding mirrors that of the governor's priorities with the exception being the Faribault prison expansion, which would have received \$34.9 million. The governor requested \$40 million more.

Other allocations were \$19.2 million for a new 150-bed high security segregation unit at the Stillwater facility, \$11 million for system-wide asset preservation, and \$350,000 for an expansion at the Moose Lake facility.

The bill would have required a non-state entity to perform a study on inmate population growth, increased demand for jail and prison beds, and alternative sentencing models. A cost/benefit analysis of privatization would have been among the topics addressed with a report due to the Legislature by Feb. 15, 2005. (Art. 1, Sec. 22)

### Education

The Perpich Center for Arts Education would have received \$1.1 million for campus preservation including construction or repair of perimeter fencing, sidewalks, roads, sewers, the addition of an air conditioning chiller, and mold abatement. Provisions to demolish a building were also included. (Art. 1, Sec. 4)

Crosswinds Arts and Science Middle School in Woodbury would have received \$1.05 million to complete a land acquisition. (Art. 1, Sec. 5)

### Higher Education

Nearly \$235 million was directed to the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU) system.

Of that total, \$147 million was destined for MnSCU campuses, including:

- \$49 million for asset preservation and replacement;
- \$12.96 million for a workforce center addition and renovation at St. Cloud Technical College;
- \$10.2 million for renovation of Pasteur Hall at Winona State University;
- \$9.6 million for the renovation of Hagen Hall at Minnesota State University Moorhead; and
- \$4.5 million for a technology center renovation at Century College in White Bear Lake. (Sec. 3)

The \$90.5 million allocated to the university was to be allocated as follows:

- \$38 million for asset preservation and replacement;
- \$16 million for Kolthoff Hall renovation on the Minneapolis campus;
- \$9.6 million for Academic Health Center classroom renovations on the Minneapolis campus; and
- \$9.3 million to renovate the Life Science Building on the Duluth campus. (Art. 1, Sec. 2)

### Natural Resources

Funding for the Department of Natural Resources totaled \$52.4 million. Some of the money would have helped communities affected by the 2002 flooding in and around Roseau and northwestern Minnesota. Among the provisions were the following:

- \$20 million for the state share of flood hazard grants;
- \$6.2 million for trail acquisition and development, including \$4.5 million for accelerated state trail development for the Goodhue Pioneer Trail, the Shooting Star Trail, Paul Bunyan Trail, the Blufflands Trail, and the Mill Towns State Trail;
- \$6 million for the acquisition of land for wildlife management;
- \$3 million for grants to counties and public regional park organizations in Greater Minnesota; and
- \$1.2 million to renovate or remove publicly owned dams, including \$200,000 for dam removal and restoration of Rush Creek in Chisago County. (Art. 1, Sec. 7)



PHOTO BY TOM OLMSCHIED

**Included in the bonding bill passed by the House, but not the Senate, was \$635,000 to Buffalo Lake for a municipal maintenance garage and the reconstruction of city streets damaged by a tornado.**

### Political subdivisions

The bill would have provided 25 grants totaling \$46.7 million to local governments for various projects, including:

- \$10 million for infrastructure repair and improvements in Roseau, arising from the 2002 flood;
- \$6 million to Cass County for a regional jail on surplus land at the Ah Gwah Ching nursing home site;
- \$4.95 million to the city of Duluth for sanitary sewer overflow storage facilities;
- \$2 million to Crookston for emergency riverbank protection and erosion control;
- \$2 million to mitigate flooding at Lake of the Isles in Minneapolis; and
- \$642,000 towards a police and fire station in Blue Earth. (Art. 1, Sec. 25)

### Transportation

Slightly more than \$81 million would have went to the Department of Transportation, of which \$31.1 million would have went towards repair or replacement of key bridges on the state transportation system. Other allocations included:

- \$15 million for local road improvement grants,
- \$15 million to design and construct a new Mankato headquarters building, and
- \$4 million for a local entity to use towards the construction of a personal rapid transit safety certification and training facility. The appropriation was contingent on at least \$8 million

in private contributions. (Art. 1, Sec. 18)

Of the \$18 million the Metropolitan Council would have received, \$10 million would have been designated for a Cedar Avenue bus rapid transit project between the Mall of America and Lakeville, and \$1 million would have been used to match federal funds for right-of-way acquisition, and engineering of the Rush Line corridor transitway between St. Paul and Hinckley. (Art. 1, Sec. 19)

### Other areas

The bill called for a number of other areas to receive funding, including:

- \$61.3 million to the Department of Employment and Economic Development, including \$20 million for the University of Minnesota/ Mayo Clinic biotech research facility;
- \$23 million to the Board of Water and Soil Resources, including \$20 million for Reinvest in Minnesota Reserve and the Conservation Reserve Enhancement Program;
- \$18.6 million to the Department of Agriculture, with \$18 million earmarked for Rural Finance Authority loans;
- \$18.1 million to the Minnesota Amateur Sports Commission, with \$18 million going to build a hockey arena in Bemidji;
- \$2 million for asset preservation at the Minnesota Zoo in Apple Valley; and
- \$1.87 million for repair and restoration of the public areas and the Capitol dome. (Art. 1, Secs. 10-12, 14-15, 23)

## BUSINESS



### Protecting viability

A bill that some private business owners believe would have protected them from being run out of business by the government stalled on the House floor and in a Senate committee in 2004.

The measure would have allowed a business to bring legal action against the state or any political subdivision if that government entity enters into the same business venture and consequently obstructs the private business's viability.

For example, the bill would have applied if a municipality decided to start collecting garbage on its own, which may prohibit smaller, private haulers from doing business as usual. Supporters said the bill was an issue of fairness and a way to help stabilize prices.

The bill would not apply if an entity entering into a business venture did not prohibit competition from a private business. Nor would it have applied to corrections facilities, ambulance service, or a municipally owned sewer, electrical, water, or other utility.

In cases where a business is operating under a government license or contract, the provisions would have precedence. For instance, a taxi driver given a one-year license would only have a claim if the city decided to begin offering the same service within that time period. Beyond that, the driver wouldn't have a claim because, presumably, the city simply wouldn't renew the license.

Representatives of the Metropolitan Inter-County Association, the Association of Minnesota Counties, and the League of Minnesota Cities testified against the bill. Among their concerns was that the bill would prohibit counties from offering services, such as in-home health care, when third-party efforts don't rise above mediocrity.

The measure was sponsored by Rep. Paul Thissen (DFL-Mpls) and Sen. Julianne Ortman (R-Chanhassen),

HF898/SF1233

### Information disclosure

A bill that would have restricted certain information that is currently public regarding venture capital investments entered into by the State Board of Investment failed to become law.

Information, such as the name of the entity in which the board invests, the amount invested and the market value is currently public

and would have remained public under the bill. But the bill would have made other financial and proprietary data relating to venture capital private data.

The business community raised the concern because competitors are able to get information from public sources, such as the State Board of Investment, that they otherwise would not be able to receive.

Supporters said it is important for citizens to see what the board is doing with its money, and the return coming back from invested funds.

The bill was passed by the House, but stalled in the Senate Rules and Administration Committee.

Rep. Lynne Osterman (R-New Hope) sponsored the measure with Sen. Steve Kelley (DFL-Hopkins).

HF3061/SF2894

### Tobacco sales penalties

A plan to make penalties for selling cigarettes and other tobacco products to minors uniform statewide stalled on the House floor. Nor did a Senate committee act upon the measure in 2004.

Current law allows each city to exceed state-mandated minimum fines to businesses and sales clerks. Also left to local control is the number of days a business's tobacco license may be suspended, if a suspension is applied.

Business owners said that some municipalities' fines and license revocations were so strict as to threaten their livelihood.

However, public health officials and local government representatives said that allowing cities to set stiffer penalties leads to greater diligence on the part of clerks checking purchasers' identifications, which therefore decreases teen smoking.

Under the bill, a first violation would have brought a fine between \$75 and \$500 to the business. Subsequent violations within 24 months would have carried higher penalties, with the stiffest being a fine between \$250 and \$5,000 and a license revocation of up to seven days.

The measure was sponsored by Rep. Chris Gerlach (R-Apple Valley) and Sen. David Knutson (R-Burnsville).

HF561/SF992

## ★ CHILDREN

### Liability protection

Public transit bus companies would have their liability limited if school children and other passengers were injured before or after using the bus, under a bill failing to become law.

Under the bill, public transit bus drivers' duty of care would extend to a passenger, including elementary and secondary students, only when the person is boarding, debarking or riding the bus. Individuals near the bus would be considered pedestrians and the driver would only be charged with the same duty of care afforded pedestrians.

The bill would not have applied to special transportation services operated in the Twin Cities metropolitan area by the Metropolitan Council — including Metro Mobility, a bus service for people with disabilities.

The bill stems from lawsuits against Minnesota Public Transit Association members in which transit providers were held responsible for accidents but were not negligent.

For example, the Duluth Transit Authority has historically seen pupils using its buses to travel to school, said Jim Heilig, the authority's director of administration. In the past 20 years, it has been subject to two lawsuits following fatal accidents. In neither case did the bus strike the pupil, he said.

The bill reached the House floor, but was not acted upon. Two committees approved the Senate version before it stalled in the Senate Education Committee.

Rep. Mary Liz Holberg (R-Lakeville) and Sen. Yvonne Prettner Solon (DFL-Duluth) sponsored the measure.

HF2016/SF2680

## ★ CONSUMERS

### Authorizing credit cards

A bill that would have prohibited financial institutions from issuing financial transaction cards, meaning credit and debit cards, in a person's name without the express permission of that person was laid over by a House committee in 2004, and was not heard by any Senate committees.

Minneapolis resident Russell Erickson told a House committee about the difficulties he had removing his name from a credit card account that he had not authorized. The issuing company required him to "jump through a lot of hoops" and insisted that he was equally as

liable as the other person on the account even though he had never asked for the card, never used it, and did not want it.

Erickson said he considers his name to be his personal property.

The Minnesota Banker's Association opposed the measure, citing situations where people want to be authorized signers for a card, for example, when they don't qualify on their own. Many college students fit that category, they said.

But college students need protection from debt, argued others. The bill was amended by Rep. Jim Davnie (DFL-Mpls) to require educational institutions to provide students with an opportunity to opt out of having their names on lists sold or given to credit card issuers.

Proponents described it as a common-sense measure to protect young people who are less savvy with financial practices.

Opponents argued that credit cards do not cause student bankruptcy; students need access to a cash substitute, they said.

Rep. Neva Walker (DFL-Mpls) and Sen. Linda Berglin (DFL-Mpls) sponsored the bills.

HF960/SF83

### No attorney fees

A bill that would have addressed situations where homeowners can't get their builder, or the builder's insurance company, to rectify serious defects, such as moisture and mold problems reached the House and Senate floors, but got no further in 2004.

The bill would have done several things:

- required continuing education of municipal inspection officials,
- required municipalities to make reports on building code enforcement,
- required pre-license education and continuing education for building contractors,
- provided public education for homeowners, and
- provided a pre-litigation dispute process and attorney fees for certain homeowners that prevail in the court process.

Many homes experiencing the problems were built in the 1990s.

Opponents said that allowing for the awarding of attorney's fees would encourage lawsuits. Conversely, supporters said that if a homeowner has to pay for an attorney it could consume a portion of the verdict, money that could instead go for repairs.

Rep. Karen Klinzing (R-Woodbury) and Sen. Linda Scheid (DFL-Brooklyn Park) sponsored the measure.

HF1801/SF2248



## ★ CRIME

### Paying the ultimate price

A bill that would have placed a capital punishment question before state voters stalled in committee.

If the measure had been approved, voters would have decided in November 2004 whether a state constitutional amendment should authorize the use of the death penalty for those convicted of first-degree murder under aggravating circumstances.

Had the bill been approved, lethal injections could have been utilized for homicides committed on or after Jan. 1, 2007.

Proponents said people willing to take another's life should potentially face forfeiture of their own life. Others said that the killing of those who killed would make the state a murderer.

The execution of juveniles, persons with mental retardation or those who can't be linked to the crime through DNA would have been prohibited.

The House Judiciary Policy and Finance Committee heard the bill, but took no action. The measure failed in the Senate Crime Prevention and Public Safety Committee.

Rep. Tom Hackbarth (R-Cedar) and Sen. Mady Reiter (R-Shoreview) were the sponsors.

HF1602/SF1860

### Falsely reporting misconduct

A bill that would have established crimes for falsely reporting police misconduct, as well as for providing false information to a police officer, failed to become law.

Under the bill, a person could have been charged for reporting police misconduct if the reporting party knew the allegation to be false.

A separate provision related to crimes by individuals, would have permitted a person to be charged for knowingly providing false information to an on-duty police officer in hopes that the officer would rely on that information. This would have expanded on current law, which makes it illegal to falsely report a crime.

In each case, the crime would have been deemed a gross misdemeanor, subject to a maximum penalty of one year in jail and a \$3,000 fine.

Concerns were raised as to why police officers need protection from false misconduct accusations when other professionals have no

such recourse. Opponents also said that the proposed legislation could make people afraid to report police misconduct.

Duluth Police Chief Roger Waller said allegations of police misconduct are expensive to investigate, can destroy an officer's and a department's morale, and can interfere with police-community relations.

Waller said his department received 46 complaints of police misconduct between 2000 and 2002. Forty-one cases were unfounded; and five were unsubstantiated, lacking evidence to prove either innocence or guilt.

The bill failed to receive a vote on the House floor, and stalled in the Senate Finance Committee.

Rep. Carla Nelson (R-Rochester) and Sen. Mike McGinn (R-Eagan) sponsored the bills.

HF1661/SF1727

### Murder involving child abuse

A bill that would have expanded the definition of first-degree murder involving child abuse died in 2004.

Under current law, a person can be charged with first-degree murder for abusing a child and causing the child's death, provided that a pattern of abusing that particular child can be proven.

The bill would have permitted the same charge to be levied if a pattern of abuse against any child could be established.

The penalty for the crime would have been life imprisonment. However, the corrections commissioner could have released the offender from prison after 30 years. Currently, most offenders committing such crimes are convicted of intentional second-degree murder or manslaughter, according to information presented to a House committee.

The impetus for the bill was a 2001 incident in which a Minneapolis man killed his 7-month-old son after abusing him. When the crime occurred, the man was on probation for first-degree assault after burning his daughter with a blow dryer.

The House passed the bill, but it stalled on the Senate floor.

Sponsors of the measure were Rep. Doug Meslow (R-White Bear Lake) and Sen. Leo Foley (DFL-Coon Rapids).

HF1961/SF1864

### Sex offender registration, notification

A bill that would have ensured that high-risk sex offenders moving to Minnesota be subject to risk assessment and community notification under the Interstate Compact for Adult Offender Supervision failed to become law.

"The compact governs the travel, movement, and supervision of adult probationers or parolees from a sending state, where they have been convicted of crimes, to a receiving state," according to the National Institute of Corrections.

The bill would have required the Bureau of Criminal Apprehension to notify the Department of Corrections upon learning from a local law enforcement agency that an out-of-state sex offender had registered, when another state informed the bureau that a sex offender was moving to Minnesota, and when the bureau learned that an out-of-state sex offender is in the state but had failed to register.

The notification would have been required to contain a finding on whether the sex offender is subject to community notification in another state, and the person's risk level for re-offending.

Rep. Morrie Lanning (R-Moorhead) and Sen. Thomas Neuville (R-Northfield) were the sponsors.

HF2231/SF2951

## ★ DEVELOPMENT

### International development zone

A plan to create an international economic development zone within 60 miles of the Minneapolis-St. Paul International Airport will have to wait.

Sponsored by Rep. Ron Abrams (R-Minnetonka) and Sen. Ann Rest (DFL-New Hope), the zone would have been developed to serve as a regional distribution center for international airfreight. The designation is necessary to encourage direct access to air cargo service for Minnesota businesses, according to bill supporters. It would not constitute a new airport, merely a cargo-handling facility.

Under the bill, the regional distribution center would have been required to locate within 60 miles or 90 minutes drive time of the airport, the only one in the state with the capacity to handle 747 freighter planes.

A number of tax incentives would have been provided, including exemptions from sales and commercial and industrial property taxes.

Minnesota businesses now ship large amounts of freight through Chicago and other



PHOTO BY TOM OLMSCHIED

**A plan to create an international economic development zone within 60 miles of the Minneapolis-St. Paul International Airport will have to wait. The zone would have been developed to serve as a regional distribution center for international airfreight. A number of tax incentives would have been provided, including exemptions from sales, income, and commercial and industrial property taxes.**

larger cities. The zone, according to proponents, would have increased opportunities in the following areas:

- competitiveness and access to global markets;
- security, with a number of changes expected to affect air freight;
- job creation, particularly those related to global markets and air freight;
- increased productivity by allowing businesses to get products to market in two days rather than in four or six days; and
- infrastructure for existing businesses and as a way to draw business development to Minnesota.

Proponents also said that if the zone were successful, it would result in two to four international cargo flights per day or up to 24 per week. One flight per day equates to an estimated \$100 million in economic activity in the state, they said.

The plan was in the House omnibus tax bill, which was later amended and passed by the Senate. No conference committee met to work out the differences.

HF2298/SF1801

## ★ EDUCATION

### Teaching excellence

While 96 percent of the state's public school teachers are "highly qualified," according to a federal definition, approximately 900 need to meet that standard within the next two years for the state to comply with the federal No Child Left Behind Act (NCLB).

A bill would have amended state law to accommodate teacher evaluations to allow those teaching outside of their college degree subject area to meet the federal "highly qualified" definition.

The bill, included in the House omnibus education finance bill, was removed in a conference committee.

A process called High Objective Uniform State Standard of Evaluation would have been established through the bill. This would have created an option for teachers to demonstrate their content knowledge, and comply with the law.

The federal act requires all teachers, other than those newly hired who must satisfy the NCLB requirements at the time of being hired, to meet the "highly qualified" definition by the end of the 2005-06 school year.

Teachers in rural districts — who are more likely to be teaching subjects other than those in their college degree field — have until the end of the 2006-07 school year to comply.

Those now teaching outside of their licensed

subject area have been issued variances by the state Board of Teaching. State law provides for the board to develop and administer teacher-licensing programs. A board representative told a House committee that a program, in development, but not yet adopted as a rule, will meet the federal definition.

Rep. Barb Sykora (R-Excelsior) sponsored the measure in the House. There was no companion bill in the Senate; however, in conference committee, the Senate proposed the House definition language as an amendment.

HF3062/SFnone

### Pay based on student performance

Gov. Tim Pawlenty's "super teacher" initiative tying teacher pay to increased student achievement failed to become law.

The measure would have established a five-year high performance teacher reward pilot project in three underperforming charter or elementary schools. Proponents said the initiative was aimed at addressing a learning achievement gap between white students and students from minority and low-income populations.

Only public and charter grade schools with a high concentration of poverty level students and whose students had a recent history of low achievement results would have been eligible.

Using those criteria, the Department of Education would have selected the lowest ranked school from three different geographic areas in the state. Eligible schools would have been approved or designated by a school district.

The bill required a selected school to adopt a site-based management approach that could have included teachers forming a cooperative to run the school. A school district or charter school board of directors would have been allowed to select the school's chief administrator.

Performance pay could have increased a teacher's annual salary up to \$100,000, under the bill. The principal or teacher cooperative, with the approval of the education commissioner, would have determined performance indicators used to measure teacher performance eligible for performance payments, the amounts of the performance pay, and the payment schedule.

Proponents said the concept could attract top teachers to struggling schools, while opponents said public school teacher response to the initiative was negative.

The bill would have exempted a participating school from many state education statutes and rules, except those covering academic standards, confidentiality, discrimination,

financial audits, appeals of student discipline, and the requirement to recite the Pledge of Allegiance.

Rep. Jeff Johnson (R-Plymouth) and Sen. David Gaither (R-Plymouth) sponsored the measure.

HF2416/SF2135

### Rewards for success

An annual state grant program established to recognize and reward public schools that provide excellent language arts and math teaching in grades three to eight will have to wait.

Under the bill, public schools where students showed the highest measures of educational progress would have competed for \$50,000 state grants.

The proposal was not included in the House omnibus education finance bill. No committee action occurred in the Senate.

The bill is linked to testing requirements schools must meet under the federal No Child Left Behind law. Beginning with the 2005-06 school year, schools and school districts must annually assess students' performance in reading/language arts and math in grades three to eight and in high school. The state currently tests third-, fifth-, and seventh-grade students annually in reading, writing, and math.

Up to \$500,000 would have been appropriated from the general fund beginning in fiscal year 2005 to support the grants.

Under the bill, the education commissioner would have annually awarded up to 10 grants of \$50,000 each to schools showing the most improvement in students' performance, and having high or improved attendance rates. Eighty percent of the grant, or \$40,000, would have gone to the school's teaching staff to spend in the classroom and on instruction related to required state academic standards. The remaining \$10,000 would have gone to the school for use in similar areas. Money could not have been used to increase teacher salaries.

To qualify for the \$10,000 portion of the grant, schools would have had to raise an equal amount from local, nonpublic sources, including in-kind contributions of services valued at that amount.

Rep. Stephanie Olsen (R-Brooklyn Park) and Sen. Geoff Michel (R-Edina) sponsored the measure.

HF1790/SF2836

### No school, no license

School attendance is still not a requirement for persons aged 15-17 to receive, keep, or renew a state driver's permit or license. A bill to change that law passed two House committees before stalling in a third. A Senate committee did not act on the proposal.

The bill would have required a person under age 18 to present a school attendance certificate for the Department of Public Safety to issue a driver's permit or license.

Participating school districts would have been required to disclose private data on a student's school attendance, unexcused absences, and expulsions to the Education Department. An attendance certificate would then have been issued.

Additionally, schools would have had to notify the Public Safety Department when a student, under age 18, was found to be excessively absent or expelled. The person's driver's permit or license would have been cancelled for either 120 days, until the end of the school semester, or until the person reached age 18, whichever occurred first.

The bill only applied to public school students and permitted school districts and charter schools to voluntarily opt out of enforcing the requirement. It was among a series of education bills backed by Gov. Tim Pawlenty.

Supporters described the bill as a tool for schools to focus on attendance, and not a negative mandate.

Rep. Jeff Johnson (R-Plymouth) and Sen. Geoff Michel (R-Edina) were the sponsors.

HF1986/SF2036

### Teacher training

A plan to train up to 300 qualified professionals each year to teach in schools without going through a traditional post-secondary program did not pass in 2004.

The bill would have created an alternative licensing path for a person with a bachelor's degree and five years of related experience to teach in a subject area related to their profession. It would create a training program for qualified professionals in the Department of Education, rather than the Board of Teaching.

An advisory group comprised of representatives from the board and post-secondary institutions would establish program criteria. The education commissioner was required to report the program criteria to the higher education committees.

Under the proposal, an applicant completing 200 clock hours of training would receive

a one-year license to teach. During that year, a district must assign a mentor teacher with a regular teaching license and the pair must meet at least once every two weeks.

The board would be directed to issue a standard entrance license to an applicant who completes at least 200 hours of training, five seminars of at least 20 clock hours, teaches in a classroom for one complete year, passes a pedagogy test, and receives a positive recommendation from the school principal or other district or school administrator.

The legislative auditor would be required to evaluate the program and report to the Legislature every three years beginning Feb. 1, 2008.

Under the provision, areas where prospective teachers could be trained to teach included: special education, science, math, English as a second language, reading, communication arts and literature, business, world languages, and as a media specialist.

Supporters said that many of these areas face teacher shortages, that half of the teaching workforce is at least age 45 and quality teachers will be needed to replace these people, and that the change would lead to more men in the teaching profession and greater cultural diversity.

Opponents said the plan is a shortcut around a system that is working. Others expressed concern that the teaching standards could be lower than those set by the Board of Teaching.

Sponsored by Rep. Sondra Erickson (R-Princeton) and Sen. David Hann (R-Eden Prairie), the bill was recommended to pass by the House Education Policy and Higher Education Finance committees, but was not included in the omnibus education bill.

HF1814/SF2109

### Personnel assignments

A bill that school district superintendents unilateral authority in assigning teachers and principals was approved by one House committee, but went no further.

Sponsored by Rep. Randy Demmer (R-Hayfield) and Sen. Cal Larson (R-Fergus Falls), the bill also would have prohibited local school boards from negotiating agreements with a teachers' union that limited a superintendent's ability to assign and reassign teachers to schools.

The bill, which the Senate did not consider, was among Gov. Tim Pawlenty's education initiatives in 2004.

Bill backers said that experienced teachers with more seniority sometimes choose not to teach in less desirable classrooms, meaning that

less experienced, and often younger, teachers are left to fill those positions.

Those against the measure said there should not be state control over something bargained at the local level, and the state should instead provide planning, staff development, and mentoring time for teachers at challenging schools instead of telling teachers where they will be teaching.

The bill would have affected the state's largest urban districts in Minneapolis and St. Paul, some larger suburban districts, and some districts in southern Minnesota. It was less likely to have affected smaller districts, where teacher mobility is not as common.

HF1831/SF2069

### Passing student information

School districts and school employees would have been protected against lawsuits when providing information about students with a history of violent behavior, if a bill passed by the House had become law. However, no committee action occurred on the measure in the Senate.

The bill would have amended a 2003 state law granting school districts immunity from liability for sharing with teachers or other school district employees, with a legitimate educational interest, a student's history of violent behavior. The law required a teacher to be notified before a student with a history of violent behavior was placed in the classroom.

Half of the state's school districts had not adopted the notification policy required by the 2003 law because they were potentially exposed to liability for transmitting nonpublic student data.

The bill would have provided immunity from liability in any "civil, administrative, or criminal action," as long as school districts and school employees acted in good faith to notify teachers or other school district employees of potentially violent students.

Rep. Tony Cornish (R-Good Thunder) and Sen. Julie Rosen (R-Fairmont) were the sponsors.

HF2586/SF2624

### Holding students back

A proposal to end grade promotion of public and charter elementary school students who are frequently absent and failing was not included in the House omnibus education finance bill.

In referring to school retention programs that offer failing students more individual attention,

smaller classes and different learning environments, Rep. Lynn Wardlow (R-Eagan), who sponsored the bill with Sen. Mike McGinn (R-Eagan), said many districts already do this, but the bill was designed to put some teeth in state law.

Under the bill, public and charter schools were required to provide a student with differentiated instruction when the student met the following three criteria:

- absent more than 20 percent of class time,
- tested below his or her grade level on state or district assessments, and
- failed to master academic skills needed to succeed in the next grade.

Parents would have had 15 days to appeal a school's decision.

Differentiated instruction allows teachers to blend group and individual instruction methods to meet the student's needs.

Special education students would have been exempt under the bill, which would have taken effect with the 2004-05 school year.

Opponents said that districts are already doing this, and wondered why the legislation is needed. Proponents countered that a school principal could cite the policy to defend a student retention decision.

No committee action on the bill occurred in the Senate.

HF2285/SF2288

### Encouraging abstinence

The third time was not a charm for a bill to promote abstinence until marriage.

Sponsored by Rep. Sondra Erickson (R-Princeton) and Sen. Betsy Wergin (R-Princeton), the bill would have required a school district that provides health education on prevention of sexually transmitted diseases to also "provide students with a curriculum on and instruction in abstinence until marriage premised on risk avoidance."

Erickson said the bill takes nothing away from current law that requires a school district's health education program on sexually transmitted infections and diseases to include "helping students abstain from sexual activity until marriage." Instead it emphasizes that abstinence is the primary way to protect against unwanted pregnancies and sexually transmitted diseases.

Supporters said the bill was not expected to cost school districts more money.

As it did in 2002 and 2003, the bill made it to the House floor, but no vote was taken. The measure failed in a Senate committee in 2003, and was not revived in 2004.

HF580/SF747

### Funding community education

Community education programs for youth and adults would have received more funding in fiscal year 2005, if a bill had become law.

Sponsored by Rep. Barb Sykora (R-Excelsior) and Sen. Linda Scheid (DFL-Brooklyn Park), the bill would have restored \$3.6 million in basic community education funding, with about \$2.4 million coming from local property tax levies. About 90 percent of community education revenue is from the local levy.

The proposal was not included in the House omnibus education finance bill. No Senate committee took action on the plan.

Sykora said the bill would restore some of the community education levy that was reduced by the 2003 Legislature, a cut of 72 cents from a per capita formula used to determine state funding.

The bill would have returned the formula to \$5.95 per capita. An appropriation of slightly more than \$1 million would have funded the state portion of the restored formula.

Supporters said state money is important because most community education programs work in partnerships with community groups and local governments. They said that one state dollar generates \$4 from partners. Others said that in some places community education might be the only option for after-school activities.

HF1982/SF2003

### Determining transition revenue

A change in how the state calculates an education revenue fund that could have resulted in more money for Greater Minnesota school districts, as well as districts bordering Minneapolis and St. Paul, failed to become law.

The bill would have retroactively increased state transition revenue for more than 200 school districts. It would have been effective for fiscal year 2004, which ended June 30, 2004.

Backers said that many rural and inner-ring suburban districts lost a disproportionate share of unrestricted classroom funding under changes made by the 2003 Legislature. The cut from one state revenue stream was not made up through transition funding that limits a school district's loss in revenue because of other formula changes.

One-time transition revenue for the 2004-05 biennium was intended to hold school district classroom budgets harmless from funding formula changes enacted by the 2003 Legislature.

The shortage of transition revenue particu-

larly affected those districts that had increased numbers of low-income students — defined as those eligible for free or reduced price school lunches — between fiscal years 2003 and 2004.

Schools receive compensatory revenue from the state, based on a head count of low-income students. Many districts didn't receive a transition revenue match for the increase in compensatory revenue they expected for fiscal year 2004.

The bill would have modified how the state treats compensatory revenue in its calculation for how much transition revenue a district receives.

Amounts districts would have received varied from about \$2,000 to \$341,000. The modification's estimated general fund price tag was \$3.5 million.

The bill was not included in either the House or Senate omnibus education finance bill. It was sponsored by Rep. Connie Bernardy (DFL-Fridley) and Sen. Linda Scheid (DFL-Brooklyn Park).

HF2169/SF2924

### Working together

Planning grants will not be available for school districts, charter schools, and service cooperatives to study the feasibility and savings potential of sharing transportation, purchasing and payroll functions, community education, building maintenance, and food service.

That is because a bill that would have provided for approximately a dozen school innovation and cooperative planning grants to be awarded by the Education Department failed to become law. No general fund amount to support the grants was specified.

As declining enrollment continues to pinch rural school district budgets, supporters of a bill said that finding ways to share the cost of non-instructional services may free additional dollars for education. Some said consolidation of services is crucial to the survival of some districts with declining enrollments.

The bill, among the education initiatives proposed by Gov. Tim Pawlenty, was not included in the House omnibus education finance bill. A Senate companion was not acted upon by any committees.

Rep. Tony Cornish (R-Good Thunder) and Sen. Michelle Fischbach (R-Paynesville) were the sponsors.

HF1999/SF2240

### Referendum questions, levy restoration

A bill that would have provided for an easier-to-read school ballot question failed to be included in either the House or the Senate omnibus education finance bill.

The measure would have also restored cuts enacted by the 2003 Legislature to the building/land lease, unemployment insurance, legal judgment, and safe schools levies used by school districts for some administrative and personnel costs.

Proponents said restoration of the lease levy authority to the former \$100 per pupil maximum would help growing districts. For example, the bill was estimated to bring a \$12.2 million enhancement to 26 districts in the Association of Metropolitan School Districts.

In 2003, the levy amount was lowered to 90 percent of the actual cost of a building/land lease, or \$90 per pupil, whichever is less. It also would have restored the added lease levy amount for school districts that are members of intermediate school districts to \$25 per pupil unit.

The unemployment insurance and legal judgment levies were each limited by the 2003 Legislature, to 90 percent of the amount above \$10 per pupil unit, and the safe schools levy was reduced by \$3 to \$27 per pupil unit.

To help voters, the ballot-language change would have simplified the wording; removed a requirement to print an estimated referendum tax rate on the ballot; and removed required language that states the money "is used to finance school operations." As part of the bill, the language requiring the actual dollar amount of a tax increase on typical property types would have remained.

Current state requirements for school operating referendum ballot questions include complex market value percentage formulas and difficult-to-understand wording, supporters said.

Rep. Alice Seagren (R-Bloomington) and Sen. LeRoy Stumpf (DFL-Thief River Falls) sponsored the measure.

HF2140/SF2059

### Paying to ride

Charging students to ride the school bus would have become a school district option, if a bill had become law. Instead, it failed to be included in an omnibus education finance bill.

The bill would have waived a state prohibition on school transportation fees for three years beginning July 1, 2004.

State law requires school districts to provide free transportation to any pupil who lives more than two miles from school, provided the bus ride is to a school in the student's attendance area.

The bill was modeled after a transportation fee program the Eden Prairie School District had tried for two years to counter budget cuts.

Because of the state law, the district could only charge a transportation fee to students who live less than two miles from a school. That created an inequity between families charged for transportation and those not charged. Assessing a fee equally among all is the intent of the bill.

The bill would have prohibited districts from denying free transportation to students unable to pay, and would have required fees to be applied equally to public and non-public students transported within the district.

A district could have required fees for students transported to charter schools or to alternative attendance programs, under the bill.

The measure was sponsored by Rep. Peter Adolphson (R-Minnetonka) and Sen. David Hann (R-Eden Prairie).

HF2204/SF2107

### Healthy schools

A bill that would have helped schools better prevent mold accumulation in classroom buildings was not included in the omnibus education law.

Rep. Kathy Tingelstad (R-Andover), who sponsored the bill with Sen. Chuck Wiger (DFL-North St. Paul), said state law needed to be amended to allow school districts to receive health and safety revenue for replacing interior walls and floor coverings that were removed to abate a mold problem. Supporters said this would fix the problem at its source, not just the result.

The bill, which was not acted upon by a Senate committee, would have placed the words "walls and flooring" back in the state statute governing school district uses of health and safety revenue. The two categories were removed during the 2003 Legislative session so the law's language would match the rules of the state Department of Education.

It also would have added "building repairs performed to fix an identified mold abatement problem," to the health and safety revenue statute.

HF1771/SF1807

### Magnet school funding

Another \$1 million for a Woodbury middle school was included in a bonding bill approved by the House, but not the Senate. It was also included in the governor's bonding recommendations.

Officials of the East Metro Integration District — a state-created district to support voluntary school integration between St. Paul schools and nine suburban districts — said their funding request was to complete land acquisition for the 400-student Crosswinds Arts and Science Middle School. The school began operating in 2001, and 45 percent of the student body are students of color.

The appropriation would have been used to settle a land purchase dispute that began in the late-1990s.

The owner of the former Jordan ranch in Woodbury appealed a condemnation award for the 37-acre school site. Court-supervised mediation established a \$4 million property value for the land in 2003. The mediation settlement added \$980,000 plus interest to the land's condemnation value. The district had previously paid \$2.8 million for the property.

The Legislature has appropriated \$22.8 million in bonding since 1999 for land acquisition, site preparation, design, and construction of the school. The latest request is the fourth time district officials have returned to the state for more construction funding.

As a specially created school district, the district has no taxing authority to raise capital funds for school construction.

The measures were sponsored by Rep. Karen Klinzing (R-Woodbury) and Senate President James Metzen (DFL-South St. Paul).

HF1638/SF1566

### Trust land aggregate

Gravel on state-owned school trust land could mean more dollars for schools — just not now.

A bill that would have appropriated \$50,000 for several trust land site surveys to determine their potential for revenue producing construction aggregate leases passed both House education committees, but was not heard by the House Environment and Natural Resources Finance Committee. Its Senate companion was approved by one committee, but was not acted upon by the Senate Finance Committee.

The bill was offered to help the Department of Natural Resources, which manages approximately 2.5 million acres of school trust land, identify, evaluate and lease construction

aggregates (sand and gravel) located on state trust fund lands.

The department also manages 1 million acres of mineral rights on previously sold school trust land. The trust lands, located primarily in north central and northeastern Minnesota, have been government-owned since statehood.

The \$50,000 would have come from one of the trust lands revenue accounts that finances the Permanent School Fund. Future proceeds from the sale of aggregate would then be added to the fund. The money would have been available for the site surveys until Oct. 30, 2005.

About \$20 million per year for schools is provided through trust land timber sales, lakeshore leases, mineral rights, and interest earnings.

Rep. Tony Cornish (R-Good Thunder) and Sen. LeRoy Stumpf (DFL-Thief River Falls) were the sponsors.

HF2467/SF2250

### School funding geographic differential

A bill that would have increased school district revenue for districts in certain regions of the state failed to pass in 2004.

The bill, which would have created an "education price index," a measure of relative wage rates across the state, was not included in the omnibus education bill.

Sponsored by Rep. Barb Sykora (R-Excelsior), the bill would have increased school district revenue for those districts located in regions with higher wage rates by applying the proposed index to the state's basic education aid formula of \$4,601 per pupil.

The Education Department and Department of Employment and Economic Development annually would have determined the index. School districts would have been placed in an education price index region.

The bill would not have eliminated any existing state school aid formulas.

Supporters said that labor costs, which are not recognized in school funding, are greater in the Twin Cities metropolitan area, and that housing costs and higher overall wage rates in the private sector mean it's expensive to live and work in the area. That drives a higher cost differential that affects the price of public education.

Representatives from suburban districts claimed their state money doesn't go as far as dollars in Greater Minnesota districts. Opponents denied that assertion, in part, citing tax reform enacted by the 2001 Legislature that removed

high value lake property and some farmland from school district property tax rolls.

HF581/SFnone

### Educating preschoolers

A bill that would have allowed charter schools to open their doors to preschool age students was not included in the omnibus education policy law.

The measure would have allowed charter schools individually or collaboratively with other charter schools or districts to establish school readiness programs for eligible children under age 5. Such programs provide children with focused attention in early literacy and other child development activities so they can enter school with stronger learning and behavioral skills.

The bill would have added charter schools to a state law that allows school districts to establish preschool readiness classes, part of the state's early childhood and family education programs.

Many children entering kindergarten don't have the skills they need to progress, supporters said, particularly English language learning students and children from high poverty environments, and nonprofit organizations or other charter sponsors might be interested in putting a literacy center for preschoolers in a charter school.

The bill would also have allowed state-provided compensatory revenue to be used for "developmentally appropriate early literacy programs" for pre-kindergarten students.

Rep. Alice Seagren (R-Bloomington) and Sen. Steve Kelley (DFL-Hopkins) sponsored the measure.

HF2417/SF2982

## ELECTIONS



### Voting for felons

Convicted felons on supervised release are still prohibited from casting their vote in elections because a bill permitting them to do so made it to, but not off, the House floor.

The bill, which also would have permitted a person who has completed any period of incarceration to vote, failed to receive committee approval in the Senate.

Rep. Keith Ellison (DFL-Mpls), who sponsored the measure with (DFL-Mpls), said it would bring "more citizens into the realm of participation in our democracy."

Under current law, a felon cannot vote until completing all probation, parole, or supervised release time.

An example the bill hopes to rectify, Ellison said, is when a parolee could be under supervision for 10 years, and in addition to not having the right to vote after serving time, many felons don't know when they are once again eligible to vote.

Supporters said that by changing the process there would be less confusion for felons, as well as cities and counties that sometimes struggle to keep law enforcement information organized. Additionally, the ability to vote could be a key element in reintroducing felons back into communities.

HF227/SF309

### Uniform election dates

A bill that would have standardized the number of election days held across the state stalled in the House and the Senate.

The goal of the measure was to increase voter participation by creating uniform dates for state, county, municipal, and school district elections. The measure would have also required municipalities to hold all elections at the same polling places, with the same polling hours used for general elections. An exception would have been made for a special election to fill a vacancy, when state statute requires the vote be held sooner than the next designated day.

The four election dates designated in the bill were:

- the second Tuesday in March,
- the second Tuesday in June,
- the first Tuesday after the second Monday in September, and
- the first Tuesday after the first Monday in November.

Deputy Secretary of State Tony Kielkucki said he was informed of a situation in which a voter went to the local polling place before work, only to find it was closed until 5 p.m. The voter said he was unable to cast his ballot because of the opening time, and claimed disenfranchisement.

Current law distinguishes certain time requirements, and townships outside the Twin Cities metropolitan area with a population of less than 500 can, in certain instances, be open as little as 5 p.m. to 8 p.m.

Bill supporters said uniformity would encourage voters to develop a habit of voting and provide conformity to elections across the state. However, others expressed concern with



PHOTO BY ANDREW VONBANK

**A bill that failed to become law would have specified that state and local primaries and elections must be held on one of four dates, except for special elections to fill a vacancy.**

the additional costs of staffing a polling place for longer hours and possibly having to staff additional polling locations.

The bill reached the House floor, and the Senate companion stalled in the Senate Elections Committee.

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

HF1868/SF1872

## ★ EMPLOYMENT

### No omnibus bill

An omnibus jobs and economic development finance bill which would have adjusted appropriations and made fund transfers was passed by the House, but didn't receive Senate approval.

To fulfill a 3 percent reduction that the governor requested, the bill included a \$1.1 million cut to state agency budgets under the jurisdiction of the House Jobs and Economic Development Finance Committee. It would have authorized an \$8.9 million shift

from several accounts, including the 21st Century Minerals Fund, into the general fund to help balance the budget. It also would have restored monies to some programs that received cuts in the 2003 budget cutting measures.

Provisions in the bill would have:

- granted extra unemployment benefits for certain military reservists;
- provided for an increase in petroleum inspection fees for costs of inspections performed;
- funded a revolving loan fund for remediation of clandestine methamphetamine lab sites;
- required manufactured home park owners who install measuring devices to charge residents for actual water and sewer usage;
- permitted the Minnesota Housing Finance Authority to participate in refinancing long-term mortgages for low- and moderate-income families or individuals; and
- transferred cosmetology regulations to the Board of Barber Examiners, which would have been renamed the Board of Barber and Cosmetologist Examiners. Cosmetology regulation is currently done by the Department of Commerce.

The Minnesota Historical Society would have received a one-time appropriation of \$664,000 for the operation of seven historical sites, while making a base budget reduction of \$300,000. An additional \$368,000 per year base reduction for fiscal years 2006 and 2007 was also included in the bill. The society would have been prohibited from charging a fee for general tours of the State Capitol.

Rep. Bob Gunther (R-Fairmont) and Sen. Dallas Sams (DFL-Staples) sponsored the measure.

HF3090/SF2591

### When to negotiate

A bill prohibiting teacher contract negotiations during the school year failed to become law.

The bill would have prohibited a school board from negotiating an employment contract with the teachers' union between the first and last day of the school year. Additionally, a Jan. 15 deadline for teacher contracts would have been eliminated. That deadline was suspended for the 2004-05 biennium by the 2003 Legislature.

The House Education Policy Committee approved the measure, but the House Education Finance Committee took no action. No Senate action occurred on the proposal.

At the beginning of the 2003-04 school year,

19 local teacher agreements had been settled, but 321 had not yet been, according to the state teachers union. Two years earlier, when there was also no Jan. 15 deadline, just 89 of the state's 341 districts had reached settlements by that date. In 2000, when there was a deadline, 98 percent of school districts had settled their contracts when there was a deadline.

The measure was sponsored by Rep. Randy Demmer (R-Hayfield) and Sen. David Hann (R-Eden Prairie).

HF2786/SF2967

### Workers' compensation changes

Changes recommended by the Workers' Compensation Advisory Council made their way through House and Senate committees, but stalled on the House and Senate floors. The board consists of both labor and business representatives.

The bill's provisions included:

- an employee would have been allowed to receive services from a closer pharmacy and still be reimbursed if an in-network pharmacy is not within 15 miles of an employee's work or home;
- payment for workers' compensation coverage would have been exempted for members of certain religious groups, such as the Amish and Mennonites, whose beliefs prohibit receiving those benefits;
- certified managed care plans would have been able to offer discounted provider fees; and
- rules for health care provider standards of care would have been based on an analysis of medical evidence and accepted standards of medical practice.

Small portions of this bill were included in a new law (HF2799\*/SF2646/CH257), including a provision allowing for an injury or illness resulting from a vaccine required for an employee's job, as a result of a federal declaration under the Public Health Service Act, to be compensable.

Rep. Jeff Johnson (R-Plymouth) and Sen. Thomas Bakk (DFL-Cook) were the sponsors. HF2915/SF2844

## ★ ENERGY

### Bonding for biomass

A bill that would have directed \$1 million to fund a handful of biomass-fueled heating and cooling systems lost its steam in 2004.

Sponsored by Rep. Bob Gunther (R-Fairmont), the legislation would have earmarked

bond proceeds for the Department of Commerce to fund grants for four to five systems at facilities owned by cities, state colleges, or universities.

The grant money could have been used for engineering and feasibility studies, surveys, and other planning activities. Existing community energy systems seeking to make upgrades or launch new projects also would have been eligible.

The legislation was designed to take advantage of what proponents describe as one of Minnesota's underutilized resources: organic matter that is available on a renewable basis for conversion to energy.

Under the bill, eligible biomass included sustainably harvested forest and agricultural residues, waste wood, biogas created when organic matter breaks down, mill residues, and dedicated energy crops.

The bill, not included in the omnibus bonding bill, explicitly stated that the biomass fuel source was to be procured in an environmentally sustainable manner.

A Senate companion bill, sponsored by Sen. Richard Cohen (DFL-St. Paul), was not heard by a committee.

HF2490/SF1975

### Biomass facility tax exemption

A developing biomass plant planned for south Minneapolis sought an exemption from personal property taxes, typically given electric generation facilities.

The plan was included in the omnibus tax bill, passed by the House, and then amended and passed by the Senate. However, no conference committee met to work out the differences.

Located near the intersection of Lake Street and Hiawatha Avenue, the facility is designed to use urban waste wood biomass to create up to 30 megawatts of electricity, plus excess heat used for heating and cooling the adjacent building, the facility in development on the former Sears site.

The facility is to be located on a former incinerator site contaminated with asbestos. The project involves cleaning up the contamination and developing the project, which will operate in a similar fashion to the District Energy plant in St. Paul.

Each new electric energy generating facility developed in the state since 1994 has received an exemption on personal property taxes. Such items considered personal property include machinery, transformers and turbines.

The exemption would not have included

other taxes, such as commercial income or sales taxes.

Supporters said that this is the first power plant using biomass material in an urban area. In addition, it was noted that other biomass facilities elsewhere in the state have received similar exemptions in the past.

According to nonpartisan House Research documents, four specific biomass projects have been granted this exemption.

Rep. Karen Clark (DFL-Mpls) and Sen. Linda Berglin (DFL-Mpls) sponsored the bill.

HF2839/SF2676

### Reviewing renewable energy

A bill that would have created a Renewable Energy Working Group to advise lawmakers on a number of policy and funding issues facing the Legislature, regulators, and the energy industry failed to get the go-ahead in the 2004 session.

Under an initiative sponsored by Rep. Torrey Westrom (R-Elbow Lake), an 18-member task force would have been established to include one representative from the following groups: investor-owned utilities, municipal electric utilities, cooperative electric associations, environmental advocates, developers of large-scale wind energy projects, community energy developers, local governments, business customers, biomass or other renewable energy projects, the residential utility unit of the Minnesota Attorney General's Office, the Department of Commerce, and the Midwest Independent System Operator. The group would have also had six at-large members.

The chairs of the Legislative Electric Energy Task Force and the chairs of the House and Senate committees with primary jurisdiction over energy policy would have appointed the members.

The working group's expenses were to have been capped at \$10,000 without the approval of the legislative energy task force chairs.

The group would have been charged with the following tasks:

- compile an inventory of existing and developing renewable energy projects in the state,
- determine the extent to which current and future electric transmission capacity in Minnesota may be a constraint to the development of both conventional and renewable electricity production, and
- recommend how existing state policies and programs to develop renewable energy could be amended, coordinated, and integrated.



The bill asked for a report from the group by Dec. 1, 2004.

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

A Senate companion bill, sponsored by Sen. Ellen Anderson (DFL-St. Paul), stalled in committee.

HF2806/SF2828

## ★ ENVIRONMENT

### Avoiding "e-waste"

A bill that would have created a statewide cathode ray tube disposal system was unplugged by the end of the legislative session.

Most older televisions, computer monitors, and video display devices contain cathode ray tubes that convert electronic signals into visual images. From a waste management perspective, cathode ray tube recycling is problematic because the phosphorescent coating around the tube contains lead that can be released into the environment when the components are crushed.

Among the many known health hazards of lead are brain, kidney, and reproductive problems.

Cathode ray tubes will be banned from solid waste facilities in 2005, under current law.

The bill would have required all manufacturers of video display devices sold in Minnesota to register with the Office of Environmental Assistance and assume responsibility for a collection system.

Proponents said product stewardship by manufacturers is an important component of a successful video display device recycling program, as is comprehensive statewide access for all citizens.

But opponents worried about overburdening manufacturers.

The House Environment and Natural Resources Policy Committee heard testimony, but deferred further action and encouraged manufacturers and other interested parties to work out an acceptable plan.

A Senate companion also stalled in committee.

The measure was sponsored by Rep. Ray Cox (R-Northfield) and Sen. Linda Higgins (DFL-Mpls).

HF882/SF838

## ★ FAMILY

### Banning gay marriage

A proposal to ask Minnesota voters whether the state constitution should specifically prohibit gay marriage was approved by the House, but failed to receive a vote in the Senate during the 2004 session.

The bill proposed that voters be asked: "Shall the Minnesota Constitution be amended to provide that marriage or its legal equivalent is limited to only the union of one man and one woman?" The bill would have precluded civil unions in Minnesota without an additional constitutional amendment.

Noting that Minnesota already prohibits gay marriage through a 1997 law, Rep. Mary Liz Holberg (R-Lakeville), who sponsored the measure with Sen. Michele Bachmann (R-Stillwater), said she sponsored the bill because in November 2003 the Massachusetts Supreme Court directed that state's Legislature to provide for same-sex marriages within 180 days. Therefore, it was expected that valid marriage licenses would have been issued there beginning May 17.

Several cities subsequently began issuing marriage licenses to same-sex couples. San Francisco alone issued about 4,000 licenses earlier this year before a court injunction was imposed.

Bill supporters said it's only a matter of time before a Minnesota same-sex couple marries in another state and files a lawsuit demanding recognition of that license here. That would bring the case before the Minnesota Supreme Court, which Holberg believes is the improper venue for such an issue.

Citing a 1958 case in which a black man and his white wife were arrested and sentenced to jail for being married to one another, Rep. Keith Ellison (DFL-Mpls) said the U.S. Supreme Court later issued a ruling, declaring interference with a person's right to choose his or her own partner to be unconstitutional.

Rep. Karen Clark (DFL-Mpls), the House's only openly gay member, said civil marriage should be kept separate from religious marriages. One is about rights and responsibilities and the other is about a sacred contract, she explained.

HF2798/SF2715

### Child support changes

An overhaul of Minnesota's child support system, including a change in the way courts calculate child support payments, failed to pass in 2004.

The bill would have created a new model that would have taken both parents' incomes into account when calculating how much money a non-custodial parent pays for child support. The amount would have been 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 have used 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 child support amount under the schedule would have then been reduced by 20 percent in recognition of the higher cost of maintaining two separate households.

Under the bill, the definition of paternity would also have been changed.

A man is currently presumed to be the biological father if, among other criteria, he openly declares the child to be his biological child and lives with the child while the child is a minor. The bill would have included in the definition of presumption of a biological father if a man has lived in the same household as the child for at least 12 months during the child's first two years.

After being passed by the Senate, the bill was amended and passed by the House. The Senate took no action on the amended version.

Sponsors of the measure were Rep. Doug Meslow (R-White Bear Lake) and Sen. Don Betzold (DFL-Fridley).

HF1857/SF1758

### Taxing in-home daycare facilities

A plan to clarify how in-home child-care facilities should be taxed was included in the House omnibus tax bill. However, it failed to become law because no conference committee convened to work out differences between the House- and Senate-approved tax bills.

The provision stated that if daycare is provided in residential and agricultural homestead property, which is the permanent residence of the daycare operator, the daycare use must be disregarded when determining the property's classification.

The need for the bill arose from a situation



PHOTO BY TOM OLMSCHIED

**The House omnibus tax bill included a provision whereby in-home daycare would have been treated as residential property for tax purposes. The House, but not the Senate, passed the bill.**

in Pipestone County where the county assessor classified in-home child-care providers as commercial enterprises. As a result, taxes for in-home child-care providers increased significantly.

Any portion of the property used for business purposes, such as a beauty shop or machine repair, would be classified as commercial property, under the bill

Concern was also expressed that placing additional financial burdens on in-home providers in Greater Minnesota would reduce the options for parents, as providers decide to close their operations.

Rep. Doug Magnus (R-Slayton) and Sen. Becky Lourey (DFL-Kerrick) were the sponsors.

HF2200/SF2117

## ★ GAMBLING

### **Simulcasting and a card room**

Minnesotans wanting to bet on the ponies or legally play some poker will not have a new place to go.

A bill that would have permitted a harness racing facility in Anoka County offering simulcasting and a card club in its first year of operation failed to become law.

Under present law the new track could have

a card club, but only after the track has been open for a racing season of at least 50 days. It could offer simulcasting of harness racing, but a change in the law would be needed in order for simulcasting of thoroughbred races to be offered.

Supporters said that the card room would have allowed for \$823,000 in additional purses in year one, with an additional \$704,000 from simulcasting. Additionally, the new track would have given standard-bred horses, used in harness racing, a venue to show their product.

They said that harness racing occurs at county fairs and similar events, because purses are not large enough to support races like those held at Canterbury Park in Shakopee.

Opponents feared that the direct competition of standard-bred versus thoroughbred racing at a new track would be a "fatal blow" to thoroughbred racing in Minnesota.

Also testifying against the measure were representatives from the Mille Lacs Band of Ojibwe. They said a card club would create a direct competitor to the gaming business at the two Grand Casinos operated by the band. It was added that allowing the new facility could open the door to further gaming.

The bill was approved by one House committee, but failed to get a hearing in the House State Government Finance Committee. A Senate committee did not hear its companion.

Rep. Jim Abeler (R-Anoka) and Sen. Linda Scheid (DFL-Brooklyn Park) were the sponsors.

HF1208/SF909

### **Tribal casino plan**

A proposed casino that would be a partnership between the state and one or more American Indian tribal governments failed to become law.

The measure would have permitted the Minnesota State Lottery to enter into an agreement with the White Earth and Red Lake bands to gaming machines at a facility in the Twin Cities metropolitan area. It also would have permitted operation of a card club. Currently, Canterbury Park in Shakopee is the only facility on non-Indian lands allowed to have a card club.

Proponents spoke of poverty-like conditions on the reservations and how casino funds would be used for things like updating schools and health care facilities, and improving roads and other infrastructure. Also, proceeds would help move people off welfare and provide skilled jobs.

Opponents included representatives from the Mille Lacs Band of Ojibwe, who operate Grand Casino Mille Lacs and Grand Casino Hinckley. They said that the majority of the clientele visit from the Twin Cities metropolitan area and a new casino would reduce the number of visitors.

Under the plan, tribal governments would receive at least 65 percent of gaming revenue. State revenue from the machines would have come from a 20 percent tax on gross revenue.

A gaming fund in the state treasury would have been established with the money divided as follows:

- 3 percent deposited into a gaming facility proceeds fund, to be equally divided between the city and county where the casino is located;
- 1.5 percent to the Department of Education for the Indian education program and for schools in Minneapolis, St. Paul, Bemidji, and Duluth;
- 1.5 percent to the Department of Human Services for programs and services for minorities and urban American Indians;
- 1.5 percent to the Department of Employment and Economic Development for a grant to a nonprofit organization that provides loans and business education to minorities and urban Indians;

- 1.5 percent to the housing finance agency for affordable housing for minorities and urban American Indians;
- 1 percent to the Department of Human Services for a compulsive gambling treatment program, with the department required to provide culturally sensitive approaches to gambling treatment for minorities and American Indian communities; and
- 90 percent to the general fund.

Two House committees approved the bill before it failed in the House Taxes Committee. No committee action occurred on a Senate companion bill.

Rep. Bill Haas (R-Champlin) and Sen. Sandra Pappas (DFL-St. Paul) were the sponsors. HF2135/SF2015

### Card club table increase

A bill that would have allowed racetracks to increase the number of card club tables passed the House, but stalled in a Senate committee.

Rep. Mark Buesgens (R-Jordan), who sponsored the bill with Senate President James Metzen (DFL-South St. Paul), said Canterbury Park officials say they need six to 10 more tables during tournaments. The limit is currently at 50 tables, excluding those used for instruction, demonstrations, or tournament play.

“Before people start thinking this is going to be an incredible expansion of the card club, understand, that while this removes the statutory restriction, there is still a provision in law which says the card club could not change without the approval of the racing commission,” Buesgens said during House floor debate.

The Minnesota Racing Commission regulates horse racing and card playing in the state, he added.

“Once again Canterbury is here, once again what we had before is not enough, once again the numbers that they gave us in previous times was not enough to make the horse industry work,” said Rep. Mary Murphy (DFL-Hermantown). Canterbury officials have previously requested changes to established gambling provisions including the card club, which was added in 2000.

The bill also included a provision that would have allowed for the card club to accommodate visually impaired persons by having a person read cards, or making available Braille cards.

HF2011/SF2783

## ★ GAME & FISH

### Managing Lake Mille Lacs

A bill that would have allowed three members of the Lake Mille Lacs Fisheries Input Group to attend meetings of the 1837 Ceded Territory Fisheries Committee passed the House, but stalled in the Senate.

Under a federal court order to share in resource management, the committee, comprised of state and tribal biologists, meets to determine the appropriate harvest levels for Lake Mille Lacs.

Some resort owners and other local anglers organized as the fisheries input group have objected to those meetings being closed to the public, saying the fisheries committee is violating state open meeting laws. They also have questioned the negotiating skills of Department of Natural Resources biologists who serve on the committee.

Opponents, however, expressed concerns that the open meeting requirements could infringe upon the federal court order or sovereign treaty rights.

Rep. Sondra Erickson (R-Princeton) and Sen. Betsy Wergin (R-Princeton) sponsored the legislation.

HF2069/SF1998

### Heritage fund halted

A constitutional amendment to permanently dedicate a percentage of state sales taxes to the environment won't be going before voters.

The bill, sponsored by Rep. Tom Hackbarth (R-Cedar), failed to make it to the House floor. It would have posed the following question to voters in the November general election:

“Shall the Minnesota Constitution be amended to provide funding beginning July 1, 2007, to improve, enhance, or protect game and fish habitat and provide hunter and angler access by dedicating the sales and use tax receipts equal to the state sales and use tax of 1/8 of one percent on taxable sales?”

An earlier version of the bill would have dedicated one-fourth of 1 percent of sales taxes beginning in 2005 to “the state’s fish, wildlife, and habitat; its parks, trails, and zoos; and its water resources.” Both the scope and the size of the sales tax dedication were scaled back as the bill progressed through the committee process.

If voters had agreed, a heritage enhancement fund would have been created in the state treasury, with the funds used to supplement

rather than substitute traditional funding sources with a caveat that land acquired with heritage enhancement account dollars must be accessible for public hunting and fishing during managed open seasons. The bill also would have created an 11-member Heritage Council to develop the fund’s biennial budgets and advise the governor on environmental efforts.

Proponents, including representatives from hunting, fishing, parks, trails, and conservation organizations, said they seek a permanent, stable funding source for environmental efforts.

Some legislators questioned which areas of general fund spending would be trimmed to cover the dedicated funds without raising taxes. Others criticized the use of dedicated funds, in general.

A Senate companion sponsored by Sen. Dallas Sams (DFL-Staples) took a much broader approach and included funding for the environment, as well as the arts and humanities. It failed to be taken up for a final vote on the Senate floor.

HF1166/SF401

### Shooting ranges out to pasture

A measure attempting to protect shooting ranges from local zoning restrictions and encroaching developments stalled on the House floor for the second straight year.

The bill, sponsored by Rep. Tom Hackbarth (R-Cedar), would have directed the Department of Natural Resources to develop generally accepted operation practices for shooting ranges and it would have protected those ranges that comply with the guidelines from nuisance lawsuits.

The measure also would have required local governments to pay for noise buffering when development approaches within one mile of an established shooting range.

Another provision would set procedural and reimbursement guidelines for how and when a local government could force a range to close or relocate.

Associations representing cities, towns, and counties testified against the bill because it would unnecessarily restrict local planning and zoning authorities, they said.

Proponents cited the positive economic impact of hunting and the need for the state to foster firearm safety.

A Senate companion bill sponsored by Sen. Jim Vickerman (DFL-Tracy) stalled in committee.

HF327/SF462

## ★ GOVERNMENT

### Funding state government

The Legislature failed to pass an omnibus state government finance bill. The House version of the bill would have cut several state agency budgets by 3 percent and appropriated funds to three military affairs programs.

The Senate approved different provisions under a different bill.

The House bill would have raised general revenue funds by \$8.1 million through the sale of state lands, unclaimed prize money from the Minnesota State Lottery, and filing fees from fair campaign practices. Combined with the agency reductions, as recommended by Gov. Tim Pawlenty, the net savings to the general fund equaled about \$12.8 million.

Under the bill, the Department of Military Affairs faced a general operating budget reduction of \$222,000; however, additional appropriations for fiscal year 2005 were included for the tuition and textbook reimbursement program (\$3.1 million), re-enlistment bonus program (\$1.5 million), and National Guard Youth Camp at Camp Ripley (\$50,000).

The State Board of Investment would have been given the ability to invest in business opportunities without being required to disclose certain types of information that are currently public. This provision was originally introduced as HF3061, which passed the House but settled in the Senate Rules and Administration Committee.

Sports tipboards would have been added to the list of lawful gambling, under the bill. A tipboard is defined in the bill as "a board or placard that is not required to contain a seal, but for which the winning numbers are determined in whole or in part by the outcome of one or more professional sporting events."

The bill also contained a number of provisions dealing with elections, including voting system acquisition, conformance with the federal Help America Vote Act, and provided for uniform state and local election days. Many of these provisions were later considered in HF1006 and SF986, signed into law by the governor.

Also, local units of government would have been allowed to opt out of unfunded mandates.

A provision was included giving schools the authority to erect and maintain electric windmills. This later became part of a new law dealing with utility subsidies. The wind generator provision will allow school districts to own,

operate and manage wind energy conversion systems (HF1830/SF1753\*/CH216).

Rep. Bill Haas (R-Champlin) and Sen. Steve Kelley (DFL-Hopkins) were the sponsors. HF2684/SF2687

### Fewer legislators

A bill that failed to become law would have reduced the size of the Legislature.

It would have required the number of Senate districts to be evenly divisible by the number of representatives in the U.S. House of Representatives apportioned to the state. There are currently eight congressional districts in the state. The bill also stated that no congressional boundaries could have been crossed in creating a Senate district.

The change would have been effective with the 2013 Legislature, the first session following redistricting based on the 2010 census.

Under the proposal, the number of state senators would have decreased from 67 members to 64, and the House of Representatives would have decreased from 134 to 128 members.

Supporters said the proposal would allow for symmetry and the clear drawing of district lines. Among concerns expressed by opponents was that rural districts could possibly lose legislators under the plan because boundaries are based on population.

The measure reached the House floor, but was not acted upon. The Senate version failed in the Senate Elections Committee.

Rep. Mary Liz Holberg (R-Lakeville) and Sen. Pat Pariseau (R-Farmington) sponsored the measure.

HF1065/SF303

### Sanction for sharing knowledge

Executive branch employees would have been restricted from receiving payments for making presentations about their work to groups or individuals, under a bill that failed to become law.

Rep. Dan Severson (R-Sauk Rapids), who sponsored the bill with Sen. Michelle Fischbach (R-Paynesville), said he was made aware of the potential problem after a person asked him if their organization would be breaking any laws if they paid an executive branch employee from Duluth for giving a speech in the Twin Cities.

The bill would have prohibited an employee from the action both on work time and during off-duty hours.

While current statutes don't prohibit an individual from doing so, Severson said it is in effect, a "double dipping" of the state's

resources because an employee would be "generating extra income for knowledge already employed."

Opponents said that an employee could have gained their knowledge from schooling, or brought skills to the state when they were hired. They also said that the state should not control its employees every minute of every day. Others suggested the order should be given from the executive branch instead of prohibiting the action in statute.

The bill was heard, but not acted upon by the House Governmental Operations and Veterans Affairs Policy Committee. The Senate State and Local Government Operations Committee did not address a companion bill.

HF3009/SF2857

## ★ GREATER MINNESOTA

### Increasing speed limits

A bill that would have permitted speed limits on some Minnesota roadways to increase passed in the House, but failed in the Senate Finance Committee.

Under the plan, the Department of Transportation would have conducted engineering and traffic investigations on portions of the state trunk highway system that are part of the U. S. highway numbering system and that have speed limits of 55 mph, and on Interstate highways that have a speed limit of 70 mph.

If it was determined that it would be reasonable, safe, and unlikely to raise medical costs associated with crashes, the commissioner could raise the speed limits to 60 mph and 75 mph, respectively. A report would have been due to the Legislature.

Rep. Marty Seifert (R-Marshall), who sponsored the bill with Sen. David Tomassoni (DFL-Chisholm), said that in parts of rural Minnesota, wide roads create a safer environment for increased speeds, and that the vast majority of the population drives faster than the speed limit.

The approximate cost for the change would have been \$792,710, which included signage, signal retiming, loop detector repositioning, and speed study reports. The costs would have been shared among the department's eight district offices and the central office over three fiscal years beginning in 2005.

Another provision would have changed the speed limit on Interstate 35E between West Seventh Street and Interstate 94 in St. Paul to 55 mph. The segment is now a 45 mph zone.

The bill would also have amended portions of state statute relating to speeding tickets.

Currently, violations are kept off an offender's record if the speed is within 10 mph of a 55 mph limit. The bill would have provided for a 10 mph cushion at the 65 mph and 70 mph mark, and added a 5 mph cushion to a 60 mph zone.

HF1071/SF1248

## ★ HEALTH

### Health care funding, cost containment

An omnibus health and human services finance bill designed to keep escalating health care costs in check and strategically improve the state's health and welfare financing portfolio passed the House but did not pass out of a conference committee.

The bill would have cut \$63.8 million from the 2004-05 general fund for health and human services spending and transferred \$71 million from the Health Care Access Fund to the general fund for 2004-05.

Among the welfare-related provisions, the bill would have cut welfare grants to people who live in subsidized housing by as much as \$150 a month. It also would have placed a one-year limit on postsecondary education or training as an approved work activity under the program. Current law imposes a two-year limit.

Under the bill, family planning grant funds could not have been paid to any organization that, directly or indirectly, subsidizes abortion services or administrative expenses or refers patients to organizations that provide those services.

The bill also included several provisions designed to limit cost shifting, where providers compensate for low payment rates from one payer by adjusting prices charged to other payers. The bill would have made the following policy declarations:

- Prohibited budget proposals requesting new or increased funding for state health care programs, such as MinnesotaCare, unless state health care reimbursement rates at the time are sufficient to cover provider costs; and
- Required the health commissioner to carry out a study by Dec. 15, 2004, evaluating the extent to which state health care program reimbursement rates result in health care providers shifting costs to private payers. The study was to include determinations as to how much state health care program reimbursement rates vary from private sector reimbursement rates, how well they cover provider costs, and how much

they would need to be increased to match average private sector reimbursement rates and still cover provider costs.

Rep. Fran Bradley (R-Rochester) and Sen. Michelle Fischbach (R-Paynesville) sponsored the legislation.

Though the finance portions of the legislation did not move forward, several policy provisions were picked up in other health measures and signed into law, notably ovarian cancer screening and best practices guidelines.

Mandated health insurance coverage for ovarian cancer screening procedures for women who are at risk became law under an omnibus human services licensing and policy bill (HF2277\*/SF2179/CH288).

That legislation also includes health care cost containment and quality improvement instructions for state agencies to encourage physicians and health plan companies to adopt best practices guidelines. The Department of Health is to develop criteria to measure best practices first in the areas of asthma, diabetes, and heart disease.

HF1681/SF1915

### Drug tax elimination

A bill aimed at helping small-town pharmacists by eliminating the MinnesotaCare tax on wholesale drugs stalled in committee.

Rep. Dan Dorman (R-Albert Lea), the House sponsor, said the Canadian drug providers on RxConnect, the governor's Internet drug site, do not have to pay the provider tax, which puts Minnesota pharmacies at a disadvantage.

The provider tax is a state tax on gross revenues of hospitals, surgical centers, healthcare providers and wholesale drug distributors. It helps fund MinnesotaCare, which provides state-subsidized health care for low-income Minnesotans. Wholesale drug distributors pass the expense of the provider tax on to pharmacies at the time they purchase drug inventory.

Proponents said pharmacists have expressed concern over the drive to encourage people to purchase drugs from Canada.

But opponents, many of whom acknowledged the pharmacists' concerns, said MinnesotaCare and the Health Care Access Fund could not sustain the reduction.

Sen. Sheila Kiscaden (IP-Rochester) sponsored the companion bill that also failed to advance.

HF2612/SF2950

### Pharmacy access

A bill designed to improve rural pharmacy access stalled in the committee process in the House and Senate.

The measure, sponsored by Rep. Brad Finstad (R-New Ulm) and Sen. Becky Lourey (DFL-Kerrick), would have required health maintenance organizations to comply with federal rules slated to go into effect in 2004.

The federal guidelines will require that Medicare enrollees have access to a pharmacy within a 15-mile radius. The bill would have made that rule a requirement for health maintenance organization network pharmacies in Minnesota.

Proponents testified that pharmacy closings in rural Minnesota are approaching a crisis level and leaving many communities without access.

But others questioned how health plans could continue to support rural pharmacies and cited additional factors behind the rural pharmacy shortages.

HF2903/SF2913

### Cost changes

A bill that would have adjusted General Assistance Medical Care program co-payments and modified hospital reimbursement practices failed to advance in either the Senate or House.

The legislation would have made two changes in current law. First, it would have allowed hospitals to request payment for General Assistance Medical Care the next business day on behalf of patients who are unable to make the request themselves. Second, it would have reduced the hospital inpatient co-payment for patients who qualify for the program's catastrophic care from \$1,000 to \$100.

In 2003, legislators changed the deadline for submission of program applications to the actual day the hospital service is provided. According to Robert Aliperto, director of patient financial services for Fairview Health Services, many hospitals are finding it hard to adhere to the ruling, especially small rural hospitals that don't have 24-hour billing departments.

The program primarily serves people who have annual incomes of less than 75 percent of federal poverty guidelines, — \$6,984 for an individual and \$9,372 for a household of two — and assets of less than \$1,000. Catastrophic coverage was established for those who earn between 75 percent and 175 percent of those guidelines, which is less than \$16,296 per year for an individual.

Aliperto also said the \$100 co-pay was high

enough to discourage over-utilization of the hospital emergency room.

Extending the deadline for requesting program coverage would incur no cost to the state. However, changing the co-pay would cost the state approximately \$567,000 the first year and \$756,000 in following years.

Rep. Thomas Huntley (DFL-Duluth) and Sen. Becky Lourey (DFL-Kerrick) sponsored the legislation.

HF2269/SF2477

### Medical records access

A bill that would have allowed a minor child's parent or guardian access to the child's health records passed the House, but did not receive a committee hearing in the Senate. The bill would have amended a more than 30-year-old state law that provides minors confidentiality when seeking medical treatment.

Supporters said current law puts legal barriers between parents and their children, while opponents said the law has helped teens overcome difficult family situations to obtain medical care and advice for chemical dependency, sexually transmitted diseases, and other health needs. Others said that without teen confidentiality, many adolescents would not seek help when it is needed.

The law, in effect since the early 1970s, permits minors to seek medical treatment with the assurance of confidentiality. Parents may not view those medical records without their child's consent.

The bill would have allowed parents to sign a notarized agreement with a health care provider permitting a minor child to consent for future health care services. It would also have allowed officials of a licensed residential facility providing short-term shelter for homeless or runaway minors to provide consent for medical and mental health care, except "family planning services."

Sponsors of the measures were Rep. Tim Wilkin (R-Eagan) and Sen. Sean Nienow (R-Cambridge).

HF352/SF570

## ★ HIGHER EDUCATION

### Omnibus bill

A bill that would have reduced appropriations to the Higher Education Services Office, requests renegotiation of one reciprocity agreement, and made a number of technical changes to agency programs failed to become

law in 2004.

The House Ways and Means Committee amended the bill onto the omnibus education finance bill that was approved by the House. However, a conference committee removed the higher education provisions.

The bill would have removed \$7.2 million from the tuition reciprocity program; money that office officials said was an expected surplus. The money would have gone back to the state's general fund.

An additional \$84,000 would have been taken from the office as part of Gov. Tim Pawlenty's budget-balancing plan that called for a 3 percent state agency operating reduction.

Additionally, the office was to renegotiate the reciprocity agreement with South Dakota to include interstate payments as required by an agreement between the states and is in South Dakota law.

The office would also be required to submit an annual reciprocity report to the Legislature with information on participation rates, tuition rates, and interstate obligations related to tuition reciprocity.

There has been no payment between Minnesota and South Dakota for a number of years, and a September 2003 report by the Office of the Legislative Auditor indicates Minnesota could benefit financially from a reinstatement of payments.

Under the bill, the Minnesota State Colleges and Universities system would have been authorized to plan the development of applied doctoral programs and degrees and report back to the Legislature.

For students to be eligible for childcare grants, under the bill, they could not be more than 30 days behind in child support payments. If they were, a written agreement must be in place for complying with the agreement.

Sponsors of the measure were Rep. Doug Stang (R-Cold Spring) and Sen. Sandra Pappas (DFL-St. Paul).

HF2663/SF2695

### Uniform standards

A bill ensuring fairness for students wanting to attend college through the state's post-secondary enrollment options program will have to wait.

Under the program, high school juniors and seniors can take classes at eligible institutions for secondary or post-secondary credit without cost to the student.

The bill called for colleges and universities that participate in the program to adopt

admissions standards that are equivalent for public, private, and home-schooled students by Sept. 1, 2004.

Rachel Becker, who had been home-schooled and attended a private school, brought the issue to the attention of Rep. Doug Fuller (R-Bemidji). Becker said that when she applied to Bemidji State University, she was told she needed to score 24 on the ACT college entrance exam, a very high score, for admission. She scored a 29. Her cousin, a public school student, was told she only needed to be in the top 25 percent of her high school class.

During discussion, Fuller said the bill simply clarifies the intent of the Legislature so that all students are treated equally. It is not intended to say that the University of Minnesota or Minnesota State Colleges and Universities (MnSCU) system are doing anything wrong.

A MnSCU official said a new system was incorporated during the past year whereby students receiving a high enough class rank, or who score above a certain percentile on a nationally standardized, norm-referenced test, or can otherwise prove they are able to perform college-level work are eligible.

A University of Minnesota official said that institution is already in compliance and that all students go through a similar process. If no grade transcript exists, students can provide a score from a college entrance test or take an exam.

The bill passed one House committee, but stalled in the House Education Finance Committee.

Sen. Carrie Ruud (R-Breezy Point) sponsored the bill in the Senate, where no committee action was taken.

HF2178/SF2374

### Revamping reciprocity agreements

A bill included in the House Higher Education Finance Committee omnibus bill would have made changes to the tuition reciprocity program. However, the latter failed to pass in 2004.

Tuition reciprocity allows students to attend a public college or university outside their home state without having to pay the standard nonresident tuition rate. State taxpayers pay the remaining instructional costs after subtracting tuition paid by reciprocity students. If reciprocity students from one state impose a larger burden on the other state's taxpayers, the first state makes a reimbursement payment. For example, Wisconsin paid Minnesota \$300,000 in 2002.

Minnesota has full agreements with

North Dakota, South Dakota and Wisconsin, and limited agreements with Iowa and Manitoba.

A September 2003 report by the legislative auditor shows that Wisconsin students pay significantly less than their Minnesota classmates.

That is because Wisconsin residents attending school in Minnesota pay their home in-state tuition rate, which is lower than Minnesota's rate. Minnesotans paid 28 percent more to attend the University of Minnesota-Twin Cities and 49 percent more to attend the University of Minnesota-Duluth than did Wisconsin residents in 2002-03, according to the report.

The agreement with North Dakota and South Dakota calls for the student to pay the higher in-state rate. In 2002, Minnesota paid \$434,225 to North Dakota.

However, South Dakota is violating its state law by not paying Minnesota money that it should under an initial agreement. There have been no interstate payments since 1988.

Under the bill, a method would have been established to calculate interstate payments consistent with the state's laws. Higher Education Services Office officials would have negotiated for payment of past obligations.

Additionally, under the bill, officials would have submitted a reciprocity program evaluation to the Legislature. Every five years, the Legislature would have been required to reauthorize the program; develop methods to monitor the Minnesota employment of students participating in the program; and develop an equal surcharge at all four University of Minnesota campuses.

Wisconsin residents at the Twin Cities campus now pay a surcharge of 25 percent of the difference between resident tuition at the University of Wisconsin-Madison and tuition at the Twin Cities campus. No surcharge exists at the Crookston, Duluth, and Morris campuses.

Rep. Joe Opatz (DFL-St. Cloud) and Sen. Ann Rest (DFL-New Hope) sponsored the bills.

HF1872/SF1825

### Doctoral degrees

Current law states that before doctoral programs can be developed by the Minnesota State Colleges and Universities (MnSCU) Board of Trustees or its campuses, four legislative committees must give their recommendation.

Despite efforts in 2004, the law remains unchanged.

The bill would have permitted the system to prepare a report for the Legislature by Jan. 15, 2007 detailing the development and offerings of applied doctoral programs and degrees. MnSCU would have paid for all study costs. "This simply lets the schools discuss the idea," said Rep. Marty Seifert (R-Marshall), the House sponsor.

In 1969, a moratorium was initiated on the development of such programs by the chancellor of the State College Board.

Supporters say that such programs would have expanded opportunities for students in Greater Minnesota, many of whom would otherwise go online for the necessary schooling to earn an advanced degree. Others say that more individuals with advanced degrees are needed for jobs in rural parts of the state, such as mental health practitioners and school administrators. The University of Minnesota and many private colleges already offer doctoral degrees.

The bill was included in the House omnibus higher education bill that failed to become law. No action was taken on the Senate version.

Sen. John Hottinger (DFL-St. Peter) was the Senate sponsor.

HF2337/SF2276

### Riot penalties

Under a bill that went no further than the House floor, students at post-secondary institutions involved in rioting would have been ineligible for state tuition aid.

According to the bill, any student "convicted of damage to property or violence to persons in connection with a riot" would not only have lost state grant eligibility, but would have been charged the highest applicable tuition rate. A Senate committee failed to act on the proposal.

A similar provision was in the House Higher Education Finance Committee's omnibus bill in 2003, but was removed by a conference committee.

The 2004 version limited the penalty to one year instead of a lifetime ban, so as not to severely penalize students who may want to return to the classroom later in life.

Both the University of Minnesota and Minnesota State Colleges and Universities system have student codes of conduct that include penalties. For example, of the 22 students arrested after a fall 2003 disturbance at Minnesota State University, Mankato, 14 were sanctioned with penalties ranging from probation to a one-semester suspension.

Supporters said the bill sends a message that the state will not help fund the education of students who riot.

Opponents said the bill would disproportionately affect lower income students who have a greater reliance on state aid, it would be a double punishment and students would be held to a higher standard than non-students who are part of an uprising.

The bill also would have prohibited a public post-secondary system from counting a student convicted in connection with a riot for the purpose of state aid.

Rep. Carla Nelson (R-Rochester) and Sen. Carrie Ruud (R-Breezy Point) sponsored the bills.

Provisions spelled out in this bill, however, passed the House in the omnibus education finance bill (HF1793), but were removed by a conference committee.

HF1730/SF2834

## HUMAN SERVICES



### Immigrant assistance

A new wave of Hmong refugees arriving in Minnesota during the summer of 2004 will not benefit from a bill that would have allowed eligible refugees and asylees to be exempted from participating in the diversionary work program and enroll directly into the Minnesota Family Investment Program.

The bill, sponsored by Rep. Cy Thao (DFL-St. Paul) and Sen. Steve Kelley (DFL-Hopkins), would have added certain newly arrived refugees and asylees to a list of family units that are not eligible for the diversionary work program, a mandatory four-month program legislated in 2003 for families who would otherwise be eligible for public assistance.

Thao said the bill recognizes that many of the almost 2,000 refugees who settle in Minnesota each year do not speak English and are unlikely to find a job in the four months required by the work program.

Opponents doubted the bill would be met with positive public sentiment and said the cases should be managed within current state law.

The bill stalled in the committee process in both bodies.

HF2831/SF2839

## HUMANITIES



### Library grants

A state grant program that helps local libraries provide handicapped accessibility to their buildings will not be expanded to include new library construction and renovation projects.

A proposition not included in the House bonding bill would have appropriated \$10 million from the sale of state bonds to the Department of Education for library capital improvement grants. The measure was in the Senate bonding proposal.

The plan called for grants totaling the lesser of up to \$1 million or 50 percent of approved costs to be used to renovate or expand an existing building for use as a library or go toward construction of a new library. Maximum grant amounts for accessibility improvements are \$150,000 under existing law.

Since 1994, the Legislature has appropriated \$5.5 million for the accessibility grant program with more than 90 library buildings across the state having added access improvements. Former Gov. Jesse Ventura vetoed \$1 million in 2002.

Supporters said 58 percent of the state's public library buildings are at least 35 years old and are not equipped to house new information technology and other library services added in recent decades.

Rep. Sandra Erickson (R-Princeton) and Sen. Dan Sparks (DFL-Austin) were the sponsors.

HF1858/SF1608

## INDUSTRY



### Production tax exemption

A bill that was not included in the House or Senate omnibus tax bill would have clarified state law regarding the ore production tax. It would have specifically helped a Minnesota company that is researching and developing a new value-added iron ore production technology.

The Mesabi Nugget Research Project is working to develop the new technology at North Shore Mining in Silver Bay. The process creates concentrated iron nuggets by using scrap and salvage steel.

The \$30 million research project set for completion in September is expected to lead to a \$200 million to \$250 million investment in about two years as the company moves to develop two production facilities at North

Shore Mining. The facilities will likely support an estimated 600 jobs.

Existing law would have been amended, under the bill, to address taxes due during developmental phases of a project. Current law provides a two-year exemption from ore production taxes for new facilities, which would theoretically cover any research or developmental stages.

The bill, an initiative of the Iron Range Resources and Rehabilitation Agency, would have specifically defined commercial production as 50,000 tons per year. This would have effectively allowed the research and development stage to continue until the facility reached the commercial production threshold. Once the threshold is reached for two years, the iron concentrate used to make iron nuggets would no longer be taxed, and the direct reduced ore would have been subject to a phase-up tax where 100 percent of the taxes wouldn't be paid until at least the sixth year of commercial production. Once a facility reached commercial production, it could have remained at that classification, whether its production levels fell below the 50,000-ton threshold or not.

Rep. David Dill (DFL-Crane Lake) sponsored the bill with Sen. Thomas Bakk (DFL-Cook).

HF2083/SF2105

## INSURANCE



### Transit insurance study

A bill that would have required the commerce commissioner to convene a task force to report on options to reduce motor vehicle insurance premiums for public transit companies and taxi services stalled in 2004.

Three committees approved the bill before it stalled in the House Rules and Legislative Administration Committee. A Senate companion stalled on the floor.

Subjects the task force could have considered, include:

- ways to increase competition in that insurance market;
- the formulation of purchasing pools for that type of insurance;
- requiring the state to insure or self-insure those vehicles at cost in the same manner in which it insures or self-insures state-owned vehicles;
- granting private transit companies and taxi services the right to join existing insurance pools or arrangements available to political subdivisions;

- providing coverage through the state auto plan; and
- legislation to control costs by providing liability damage limits in civil lawsuit.

The task force, which would include representatives from the insurance industry, taxi services, and private transit companies, would have also been asked to consider the Transit Mutual Insurance Corporation of Wisconsin, as a model. Created in 1986, the program combines the buying power of its members into one umbrella policy, resulting in a reduced cost for transit agencies.

Rep. Mark Buesgens (R-Jordan) and Sen. Satveer Chaudhary (DFL-Fridley) sponsored the measure.

HF2649/SF2423

## LAW



### Initiative and referendum

A bill that would have given voters the opportunity to decide on a process that would let them enact new laws and repeal old ones without legislative approval was unsuccessful in 2004.

The proposal advocated changing the state constitution to allow for the initiative and referendum process. Had the bill passed, the proposed constitutional amendment would have been before state voters in the November 2004 general election.

According to the bill, a proposal could be placed on the ballot if a petition were signed by 5 percent of registered voters who cast ballots in the previous gubernatorial election. The same percentage of signatures must be collected in at least six of the state's eight congressional districts.

Supporters believe that initiative and referendum could lead to better voter turnout and would create a better-informed electorate. Eighty Minnesota cities already use the process.

Opponents expressed fears that corporations or organizations with large purse strings could have the manpower to organize statewide campaigns to gather enough signatures to get a question on the ballot.

The measure failed to receive a hearing in the House Ways and Means Committee and the Senate version failed in the Senate Elections Committee. An effort to get the bill taken up on the Senate floor also failed.

Sponsors of the measure were House Majority Leader Erik Paulsen (R-Eden Prairie) and Sen. Dave Kleis (R-St. Cloud).

HF250/SF1565



### Jail booking fees

Persons booked into Minnesota jails could have been charged a \$10 fee, regardless of whether they were subsequently held, under a bill that failed to become law.

A county may currently charge a fee to anyone booked and held in jail, but the fee must be returned if the person is not charged, is acquitted, or the charges are dropped.

Under the bill, a person must be informed in writing that they may request a refund if they were not charged, are acquitted, or if charges are dismissed.

Proponents said the fee does not cover the expense of booking individuals, but it is symbolic in sending a message that criminal justice is not free.

The bill was passed by the House, but was not acted upon by the full Senate.

Rep. Steve Strachan (R-Farmington) and Sen. Leo Foley (DFL-Coon Rapids) sponsored the measure.

HF1721/SF1809

## ★ LOCAL GOVERNMENT

### Comprehensive plan dispute

A bill that would have allowed Lake Elmo to maintain rural population densities by refusing to become part of a regional sewer system received House approval.

However, a Senate committee rejected the idea.

The bill would have allowed the Washington County community to implement its own long-term comprehensive plan that was rejected by the Metropolitan Council in 2002. The council is the regional planning agency serving the Twin Cities seven-county metropolitan area.

The development dispute was in litigation before the Minnesota Supreme Court at the time the Legislature was considering the bill. The city had appealed an adverse state Court of Appeals decision.

Rep. Eric Lipman (R-Lake Elmo), who sponsored the bill with Sen. Brian LeClair (R-Woodbury), maintained that the 1976 law creating the Metropolitan Land Planning Act allows the city's right to pursue its own development plan.

Opponents said the bill should not be considered while the legal dispute is pending, and Metropolitan Council representatives said the bill hurts the council's ability to coordinate between adjacent communities.

A small area of Lake Elmo is served by a regional sewer system. The majority of the

city is on individual septic systems or wetlands treatment systems. The issue in dispute is the city's connection to a planned sewer system.

HF1737/SF1770

### Public finance bill

A bill that contained a number of policy-related changes for local governments, and would have given the Metropolitan Council authority to bond for capital improvements and a public safety radio system was passed only by the House.

The Senate passed its version by amending the bill's language onto the House omnibus tax bill. No conference committee was convened to forge an agreement.

The council, under the bill, would have been permitted to issue \$32 million in bonds for capital expenditures under its regional transit master plan and transit capital improvement plan. This includes things like fleet expansion, bus garages, scheduling systems, and park-and-ride facilities.

In the previous five years, the Legislature had approved \$199.4 million in transit bonding.

Additionally, the bill would have dealt with public safety radio subsystems by allowing the council to issue revenue bonds to "provide money for assistance to a local government unit for up to 50 percent of the cost of building a subsystem in the southeast district or in the counties of Benton, Sherburne, Stearns, or Wright in the central district of the State Patrol." The money would have helped these areas become part of a system designed to let

all officers communicate and be compatible with systems used by local agencies.

Other provisions in the bill included:

- special service districts would have been allowed to contract with nonprofit corporations outside the Twin Cities metropolitan area for management and/or provisions of the district's services;
- the sunset for special service and housing improvement districts would have been extended from June 30, 2005 to June 30, 2007;
- the Aitkin Drainage and Conservancy District, abolished in 1987, would have been reestablished to administer a deteriorating diversion channel on the Mississippi River;
- permission would have been given for the city of St. Paul to create a nonprofit organization to maintain, manage, and operate all or a portion of the RiverCentre complex, and to manage and operate a convention and visitor's bureau; and
- the Minnesota Housing Finance Agency (HFA) would have been authorized to transfer \$50 million of its tax-exempt bonds for calendar year 2004 to the Higher Education Services Office.

"The HFA is not able to use, because of low interest rates, the entire bond allocation and this is simply an efficient way in which to transfer this bonding authority to HESO," said Rep. Ron Abrams (R-Minnetonka), who sponsored the bill with Sen. Lawrence Pogemiller (DFL-Mpls).

HF3081/SF2846



PHOTO BY TOM OLMSCHIED

**A bill that would have allowed the city of St. Paul to create a nonprofit organization to maintain and manage all, or a part, of the RiverCentre complex and to manage a convention and visitors bureau failed to become law. The provision was included in a public finance bill that was passed by the House, but not acted upon by the Senate.**

### Defining property taxes payable

A bill included in the House omnibus tax bill would have clarified that all charges for basic police and fire services count as property taxes when calculating property tax refunds.

However, the Senate amended the tax bill, and no conference committee met to work out the differences.

Rep. Dick Borrell (R-Waverly), who sponsored the proposal with Sen. Mark Ourada (R-Buffalo), said most cities and counties provide basic police and fire services through general property taxes, which is included when calculating whether a property owner is eligible for a refund. However, some communities assess separate charges or fees for basic services, which are not included in general property tax figures for the purposes of calculating a refund.

The bill would have defined property taxes payable to include any fees or charges for basic police and fire services, excluding capital expenditures related to those services.

The definition would have applied to both regular homeowner property tax refunds and special property tax refunds.

HF2780/SF2745

### Spending local revenue

Current law allows townships to spend only the revenue they raise through the property tax levy in a given year.

However, many local governments carry forward their revenues to future years if they have a surplus in the event they need to purchase large equipment. A bill that would have made sure those towns could actually spend that money without having it affect their levy authority failed to pass in 2004.

The bill would have provided that total revenue includes property taxes, revenue from other sources, and amounts carried forward.

It was passed in the Senate and was included in the House omnibus tax bill. However, that bill was not enacted.

The bill was brought forward, in part, because of an advisory from State Auditor Patricia Anderson that the law needed to be clarified.

In addition, the bill also would have specified that townships may impose taxes authorized under other state laws, such as special assessments, in addition to those approved at the annual township meeting.

Sponsors of the bill were Rep. Greg Blaine (R-Little Falls) and Sen. David Tomassoni (DFL-Chisholm).

HF2522/SF2449

### Employee compensation levels

A plan to repeal the statutory limit on compensation for political subdivision employees failed to gain approval.

The salary cap limits pay for employees of statutory and home rule charter cities, counties and towns, among other political subdivisions, to 95 percent of the governor's annual salary, which is currently \$120,303.

Proponents said that Minnesota is the only state with a salary cap, and that it is an impediment to attracting a wider variety of applicants, including younger people, for local government management positions. They also claim it interferes with local government control.

Those against the measure said that removing the cap would increase local government salaries in tough economic times.

Currently, the employee relations commissioner can waive the cap when a local government requests it. As an example, waivers were approved for the newly appointed Minneapolis police chief and in 2003 for the Bloomington city manager.

Since the salary cap was first enacted in 1977, it has been repealed, reenacted and amended several times to provide exemptions for school districts, medical doctors, and employees of publicly owned hospitals, clinics, or health-maintenance organizations.

The bill failed to pass in one House committee. It reached the Senate floor, but no vote was taken.

Rep. Ron Erhardt (R-Edina) and Sen. Steve Kelley (DFL-Hopkins) were the sponsors.

HF1759/SF2713

### PRT funding

State law will not be amended to allow a city, county, or township to issue bonds and loan money to a public or private entity to design and build an electrically powered personal rapid transit system prototype.

Backers of the experimental transit system that moves people in three-passenger, pod-like vehicles along an elevated guideway, sought up to \$6 million in local government funds as part of a public-private partnership that would build a 2,200-foot oval loop model to test system operation and safety.

Representatives of the Fridley-based Taxi 2000 Corporation, designers of the system prototype, said the system is designed for urban areas with population densities of 3,000 to 4,000 people per square mile. They said the system requires less land than roads, would be more efficient than personal vehicles, can use renewable energy, and there would be no road rage with the system.

Opponents said that construction and operating cost estimates studied in Chicago and Cincinnati were much higher than the system backers' estimate.

The bill was approved by one House committee in 2003, but was not included in the omnibus public finance bill in 2004. It was not acted upon by any Senate committees.

Rep. Mark Olson (R-Big Lake) and Sen. Michele Bachmann (R-Stillwater) sponsored the measure.

HF1650/SF1574



PHOTO BY TOM OLMSCHIED

**Personal rapid transit systems would have received certain tax exemptions, such as no sales tax on purchases of items used to construct and operate a system, under the House omnibus tax bill.**

### Taking by eminent domain

Government entities would have maintained the right to take private property, but only with overwhelming evidence that the land is needed for a public purpose, under a bill that stalled in the committee process during the 2004 session.

Under the bill, private property owners could have been awarded attorney fees in contested cases if the court found that the government's taking of their land was "not reasonably necessary," authorized by law, or is for a private purpose, as opposed to a public one.

Typically, eminent domain proceedings occur, for example, when a city needs to extend a stormwater sewer pipe, create a walking trail, or build a road. The local government entity has the right to condemn the property for public projects, but fair market value must be paid to the owner. Major court cases have resulted on several occasions, such as when the Minnesota Department of Transportation has condemned land for major highway expansions.

The House bill was approved by two committees, and amended onto another bill (HF2625) that stalled in the House Ways and Means Committee. The Senate bill was approved by two committees and was awaiting action in the Senate Rules and Administration Committee when the session concluded.

Sponsors of the measure were House Majority Leader Erik Paulsen (R-Eden Prairie) and Sen. Sheila Kiscaden (IP-Rochester).

HF1901/SF2037

## METRO AFFAIRS



### MAC chair salary

A bill that would have changed the salary that state law permits for the chair of the Metropolitan Airports Commission from 25 percent to 85 percent of the governor's \$120,303 salary reached the House floor, but was not voted upon. A Senate bill was not heard.

Vicki Tigwell, appointed chair of the 15-member commission by Gov. Tim Pawlenty in January 2003, now makes about \$21,000. The bill could have potentially provided a \$35,000 salary increase to be consistent with salaries of other gubernatorial appointees, like the Metropolitan Council chair, but still far below the maximum amount allowed, which would be \$102,257. Supporters said the increase would be commensurate with the job expected by the chair.

Operation of Minneapolis-St. Paul

International Airport and six reliever airports in the metropolitan area is supervised by an executive director and professional staff hired by the commission.

The commission is primarily funded through airline charges, airport concessions, and fees. It does not receive a state appropriation and it does not levy taxes.

The bill would have also made the chair and member's terms end at the same time as the governor's, require Senate approval of the chair, and it specified certain duties for the chair, including presiding at meetings, meeting with local elected officials and the Legislature, and serving as principal spokesperson for the commission.

Rep. Tim Wilkin (R-Eagan) and Sen. Linda Higgins (DFL-Mpls) were the sponsors.

HF2694/SF2336

### Alternative transportation

A bill that would have allowed a taxicab subsidy for those with special transportation needs stalled in the committee process in 2004.

Sponsored by Rep. Torrey Westrom (R-Elbow Lake) and Sen. Chuck Wiger (DFL-North St. Paul), the bill would have directed the Metropolitan Council to spend 10 percent of its Metro Mobility expenditures in 2005 on a new program allowing taxis as an alternate form of transportation.

Metro Mobility is a bus service available to people with disabilities that are unable to or have difficulty using regular transit service. It is offered to passengers who qualify in 89 communities in the Twin Cities metropolitan area.

Westrom, who is blind, said his efforts to get Metro Mobility to make improvements have been refused, even when those improvements would create savings. He added that Metro Mobility services are sometimes frustrating for users, particularly those who have to wait half a day to get to their destination.

Under the bill, the user would have paid \$4 or \$5, as well as 25 percent of the ride's cost. Metro Mobility would pay 75 percent of the remaining cost. The current Metro Mobility subsidy is \$21 per ride.

HF1744/SF2597

## RECREATION



### Stadium financing

The latest proposal to fund stadiums for the Minnesota Twins and Minnesota Vikings struck out during the 2004 legislative session.

A bill to establish a Minnesota Stadium Authority that would negotiate stadium locations, financing, construction, leasing, and operating details with the teams and prospective host local governments failed on a tie vote

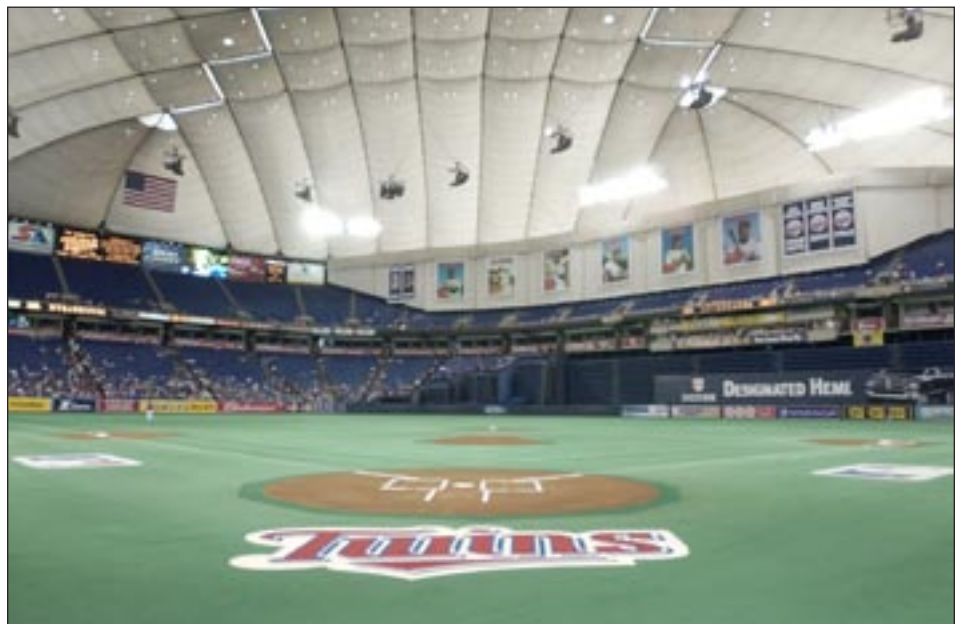


PHOTO BY TOM OLMSCHIED

**A bill that would have established a Minnesota Stadium Authority to negotiate new stadium locations, financing, construction, leasing, and operating details between the Minnesota Twins and Minnesota Vikings and prospective host local governments failed to become law. The bill also would have established the Legislature's intent of future support for an on-campus football stadium for the University of Minnesota.**

in the House Ways and Means Committee. Its companion bill stalled in the Senate Finance Committee.

A host local government, under the bill, would have been allowed to impose local user taxes on tickets, alcoholic beverages, food, restaurants and lodging, as well as a general sales and use tax on goods and services within the host community's jurisdiction. Additionally, a Twin Cities metropolitan area liquor and car rental tax could be imposed to help finance the public cost.

Team officials said that due to economic conditions, they can't raise enough annual revenue in the Metrodome to remain competitive in their respective professional sports.

Hennepin County, the city of Minneapolis and the city of St. Paul are offering potential sites for a \$520 million-plus baseball park. Anoka County is the sole pursuer of a proposed \$645 million football stadium to be part of a larger commercial district development in Blaine.

The bill set total public investment maximums of \$478 million for the baseball stadium and \$600 million for the football stadium. Of that, the maximum state investment would be \$100 million and \$185 million, respectively.

Each team's contribution would have been required to be at least one-third of their respective stadium's project cost, with at least 25 percent of the contribution up-front, and the remainder in annual payments. Teams would be responsible for cost overruns.

A second provision would have established the Legislature's intent of future support for a \$222 million on-campus football stadium for the University of Minnesota on its Minneapolis campus. Under the plan, once the university raises 60 percent of the financing (\$133.1 million) from nonstate sources, the state finance commissioner would make a recommendation for state financing of the remaining costs up to \$89 million.

Rep. Doug Stang (R-Cold Spring) and Sen. Steve Kelley (DFL-Hopkins) were the bill sponsors.

HF3089/SF2536

### Football on campus

A state commitment to help fund part of a proposed \$222 million football stadium on the University of Minnesota's Minneapolis campus will have to wait.

A proposal heard, but not acted on, by the House Taxes Committee would have provided a 25 percent level of state funding for a 50,000-

seat stadium that the university wants to build on parking lots east of Williams and Mariucci arenas.

In the Senate, the bill was recommended to pass by one committee, but was not heard in a second.

The university proposed that the state create a university stadium account in a special revenue fund. Before state payments toward the stadium could be provided, according to the bill, the state finance commissioner would need to certify the amount the university received for the stadium from private sources and "other non-state general fund revenue support."

The university's Board of Regents would issue bonds to finance stadium construction.

The football team has played in the Metrodome since 1982. Prior to that year, home games were in the on-campus Memorial Stadium that was torn down in 1992.

University officials said that a new stadium would be expected to generate \$3.5 million in additional annual revenue for intercollegiate athletics, assuming a 50,000-seat sellout of every home game. The Gophers have averaged 43,000 fans per game at the Metrodome during the past five years.

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

HFnone/SF2825

### Bemidji hockey arena

Efforts to secure \$18 million in state bond money to construct a new hockey arena at Bemidji State University will have to wait.

The dollars were included in the House bonding bill that failed to become law.

The money would have been allocated to the Minnesota Amateur Sports Commission to build the facility, as occurred with construction of the National Hockey Center in St. Cloud.

Plans call for a 35,900-square foot facility with proposed general seating for 2,800 and suite seating of 120.

Bill backers say John Glas Fieldhouse is inadequate for the university's needs as a Division I hockey program. The 37-year-old arena has 2,200 bench seats on one side (which means dasherboard advertising can only be sold on one side) and only about 1,500 are non-obstructed, just two locker rooms, and no facilities for concessions or parking. Additionally, it is not wheelchair accessible through its main entrance. Patrons in wheelchairs must take an elevator that is in the locker room area and then access a wooden ramp through the player walkway.

House sponsor Rep. Doug Fuller (R-Bemidji) said the bill "is a pretty scaled-back facility to get the job done for us."

The new arena would not only serve the university's hockey program, but would also be a regional civic center facility that could be used for things such as consumer shows and graduation events.

HF2006/SFnone

## ★ RETIREMENT

### Pension funding

A bill that would have helped deal with funding problems in the Minneapolis Teachers Retirement Fund Associations was not enacted.

House sponsor Rep. Jim Knoblach (R-St. Cloud) said the measure would not help completely solve the problems of the pension fund, but would help push the default date out 23 years. The fund currently has a large deficit and without urgent legislative attention would default in roughly seven years.

Changes would have included:

- if the association has underperformed the State Board of Investment basic retirement plans in its investment of teachers retirement fund assets, a charge would be imposed on active members, retired members, and other benefit recipients set to recover the amount of underperformance; and
- post-retirement adjustments would be modified.

Opponents said the bill would impose severe penalties on active and retired teachers, while not solving the problem.

Knoblach said he was open to exploring other options, but the bill, "gets us a start" in the right direction. The association did not support the bill.

HF2773/SFnone

## ★ SAFETY

### Dispatchers as essential employees

A bill that would have classified state employees who work as public safety radio communications operators as essential employees under the Public Employment Labor Relations Act failed to pass in 2004.

The bill would eliminate the right to strike for 80 employees, and instead, require that the employees must go to arbitration if labor negotiations do not result in a contract agreement.

The bill reached the House and Senate floors in 2003, but was returned to the committees of origin prior to the 2004 session. No action occurred there.

During the October 2001 state employees strike, state troopers filled in for operators unwilling to cross the picket line. Troopers were exploring legal action because they were taken off the road to perform dispatch functions, which they felt may have been in violation of their contract. The strike ended before any legal action took place.

Col. Anne Beers, chief of the Minnesota State Patrol, explained that because of the increasing computerized technology installed in the 10 call centers, it would be hard to use other sources without some kind of training. She said a poll of dispatchers taken two years ago showed 57 out of 69 operators were in favor of the classification 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, opposed the legislation.

Rep. Ron Erhardt (R-Edina) and Sen. Steve Murphy (DFL-Red Wing) sponsored the measure.

HF769/SF1045

### No light-changing mechanisms

A bill that would have prohibited most vehicle operators from using a device that can override a traffic signal was given the green light by the House, but never got started in the Senate.

Often used by emergency vehicles, traffic signal devices change red lights to green to ensure speedier passage through intersections.

Rep. Steve Strachan (R-Farmington), who sponsored the bill with Sen. Sharon Marko (DFL-Cottage Grove), said the bill is necessary because mobile infrared transmitters are being marketed on the Internet.

Strachan said the Internet site states that purchasers must verify whether such devices are legal in their state, but he doubts any purchaser would do so.

There have been no reported problems in the state from individual use of the devices, but Strachan said he does not want to wait to act until an accident occurs or an ambulance is delayed.

Under the bill, no person could have operated a vehicle equipped with a traffic override signal system unless the vehicle was an authorized emergency vehicle, a transit bus, a road

maintenance vehicle, or a vehicle approved by the Department of Public Safety to use such a device.

A violation of the provision would have been a misdemeanor.

The bill also would have made an exception to state statute that requires a motorist to yield the right-of-way to an emergency vehicle that both displays a red light and sounds a siren. Under the bill, a law enforcement vehicle must display a red light or sound a siren but need not do both.

The impetus for the provision came from an incident in Champlin where a police car running with its lights engaged, but without its siren was involved in an incident. When the matter went to court, the judge said that state statute clearly defines that ambulances must employ both lights and sirens during emergency runs. However, it is not clear about police cars.

Supporters said it would have limited the liability of municipalities if such an incident were to occur.

HF1683/SF1980

### Lab cleanup costs

A bill to assist cities and counties with the costs of cleaning up abandoned methamphetamine lab sites was unsuccessful in 2004.

Sponsored by Rep. Bob Gunther (R-Fairmont) and Sen. Dallas Sams (DFL-Staples), the bill would have established a revolving loan to aid in the cleanup of clandestine lab sites that contain toxic chemicals known to contaminate ground water. Local governments are now responsible for the costs, with a price tag of \$3,000 to \$5,000 per site.

It is estimated that the state contains approximately 800 to 900 labs, and, on average, 5 pounds of toxic residue is left behind. Many property owners who rent their property for living quarters or storage are unaware of the presence of a methamphetamine lab until after their property has been destroyed and the renters are gone. The property owners then face the cleanup costs. For some it is easier to abandon the property, though the owners then lose the benefit of the property's potential value.

Under the bill, a loan recipient would have had to identify and establish a source of revenue for repayment of the loan and must undertake the necessary steps to collect payments within one year receiving the funds.

The bill was included in the omnibus jobs and economic development bill that was passed by the House, but not the Senate. It was also

included in a Senate crime prevention and public safety bill that failed to pass. Funding for the loan was included in the governor's bonding recommendations.

HF2923/SF2860

### Specialty response team

A proposal to create a specially trained team to respond to northern Minnesota incidents involving hazardous materials, such as noxious gases and fuel oils, was not included in the House omnibus judiciary finance bill.

The bill would have appropriated \$160,000 for the creation of a chemical assessment team in International Falls to respond to hazardous materials incidents in the region.

According to the Minnesota Emergency Management Director's Handbook, there are 11 such teams in Minnesota, but the closest team to International Falls is nearly three hours away in Grand Rapids.

The International Falls port handles 1,000 train and truck containers a day, many of which contain hazardous chemicals. Among the hazardous materials passing through the port in 2003 were sulphur, phosphoric acid, and ammonium nitrate fertilizers.

Rep. Irv Anderson (DFL-Int'l Falls) and Sen. Tom Saxhaug (DFL-Grand Rapids) were the sponsors.

No Senate committee took action on the proposal.

HF2032/SF2156

## TAXES



### No omnibus bill

The House omnibus tax bill would have provided \$85.8 million in additional revenue for the 2004-05 biennium, including \$36 million in tax-related revenue from a separate bill that would have authorized a racino at Canterbury Park. However, the Senate added some amendments before passing the bill. A conference committee did not convene.

Tax-related provisions in the bill totaled \$49.6 million for the biennium.

The bill would have brought the state budget reserve to \$290 million and moved \$350 million to the cash flow account. It would also have added new spending priorities in the event the state has another budget surplus before a rebate may be considered.

A number of proposals were included to raise revenue, adjust alternative minimum tax

income exemptions, give the Department of Revenue additional powers to assure foreign operating corporations are adhering to regulations, phase in a change to the way corporate franchise taxes are calculated, and add a 5 percent franchise fee on card club revenue at the racetrack.

The bill would have allowed the commissioner of revenue to disqualify a corporation from filing as a foreign operating corporation if it has no substantial business purpose, has significant transactions that don't reflect market prices, or its income is predominantly domestic on a multi-year basis. Such a finding would also have resulted in a 15 percent surtax to the corporation.

In addition, the bill would have increased the exemption allowed for the alternative minimum tax through 2006. By then, the exemption for a married couple, filing a joint return would grow to \$44,000 from the current level of \$40,000 which would reduce the number of total filers under the alternative minimum tax by 39 percent. Additionally, the number of tax filers with federal adjusted gross incomes less than \$100,000 subject to the alternative tax would have been reduced by 56 percent.

The charitable contribution limit for alternative minimum taxpayers would have been phased out, under the bill.

It also would have exempted homesteaded property owned by a veteran, who was honorably discharged from the armed forces and suffered a total and permanent service-related disability, from paying property taxes.

Other significant provisions in the bill were:

- the phasing in of a new structure for calculating corporate franchise taxes in hopes of increasing the incentive for businesses to physically locate in the state and pay employees good salaries;
- sales taxes on cigarettes would have been collected at the wholesale level, based on the gross invoice price of distributors to increase compliance in payment of the tax;
- an international economic development zone would have been created within 60 miles of the Minneapolis-St. Paul International Airport to serve as a regional distribution center that would increase capacity and handle air freight;
- conforming Minnesota's income tax to various changes enacted at the federal level, specifically relating to taxation of members of the military and of health savings accounts.;
- commercial production for the purpose of calculating the production tax on direct re-

duced ore would have been redefined so no tax may be charged until production levels reach 50,000 tons per year;

- personal rapid transit systems would have received certain sales tax exemptions;
- property tax payers would have been eligible for their refunds early if they file their claims electronically;
- the Sauk River Watershed District could have increased its levy by \$100,000 to \$350,000;
- sales taxes for motor vehicle leases would have been calculated and paid at the time the lease is purchased rather than on each monthly payment;
- income taxpayers could have subtracted up to \$10,000 for travel and lodging expenses and lost wages related to live organ donation;
- retail businesses would no longer qualify for incentives under the job opportunity building zones program; and
- in-home day care providers would have been treated as a residential property for tax purposes.

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

HF2540/SF2302

### Credit for long-term care insurance

Individuals who purchase long-term care insurance would have been eligible for a higher tax credit, under a bill that was not included in the House omnibus tax bill.

The measure was heard by one Senate committee, but was awaiting action by a second when the session ended.

Under current law, individuals who purchase long-term care insurance may receive an income tax credit equal to 25 percent of their monthly premiums paid, but not deducted under itemized deductions for medical care. The limit for that credit is currently \$100 per person or \$200 per married couple.

The bill would raise the limit to \$500 for an individual or \$1,000 for a married couple beginning with tax year 2004.

The motive for the bill was to encourage individuals to purchase private long-term care insurance in preparation for the future, rather than spending down personal assets in order to qualify for state care.

According to the Revenue Department, more than 43,000 filers claimed the credit in 2002. The department estimates that claims for the credit will grow about 5 percent each year.

The bill was expected to cost the state

between \$12 million and \$14 million over the next three fiscal years.

Rep. Paul Kohls (R-Victoria) and Sen. Brian LeClair (R-Woodbury) sponsored the measure.

HF1968/SF15

### Standards for tax preparers

A bill that would have extended certain standards of conduct for tax preparers to a group previously exempted was included in the omnibus tax bill that failed to become law.

Passed by the House, the bill was then amended and passed by the Senate, but no conference committee met. The measure would have required:

- all tax preparers to be subject to some standards of conduct, whether they offer refund anticipation loans or not. Refund anticipation loans are similar to advance payments based on a client's anticipated tax refund, except there are interest charges attached, as would be the case with regular loans.
- individuals who prepare returns for fewer than six clients be required to disclose certain items related to refund anticipation loans if they offer them. These individuals are currently exempted from law.

The conduct standards were initiated in 2003 and pertain to any tax preparers, with some exceptions. The standards were derived from those required by licensed tax preparers, such as attorneys and certified public accountants.

They include such items as properly completing a tax return, signing the return and prohibiting a preparer from claiming credits or deductions the preparer knows the individual does not qualify for.

Without including all preparers in the required conduct standards and disclosure requirements, supporters said, anyone who receives the services has no course of action if they are wronged in any way.

Sponsors of the measure were Rep. Paul Thissen (DFL-Mpls) and Sen. William Belanger (R-Bloomington).

HF2371/SF2476

### Cigarette tax increase

A bill that would have increased the cigarette tax by 29 cents a pack to help support health care initiatives was not included in the House omnibus tax bill.

The bill called for the additional revenue generated from the tax to be used to offset



PHOTO BY ANDREW VONBANK

**A bill that would have increased the cigarette tax to help support health care initiatives failed to become law in 2004.**

reductions in the health care provider tax and reduce assessments for a state-run health care plan.

Under the bill, the tax charged per pack of cigarettes sold would have increased from 48 cents to 77 cents. The tax increase would not have applied to smokeless tobacco products.

In addition, the bill would have cut the MinnesotaCare tax on health care providers, wholesale drug distributors, hospital revenues, and surgical center revenues from 2 percent to 1.75 percent.

The MinnesotaCare tax supports that program, which provides subsidized health care coverage to low- and moderate-income families and individuals.

The bill would have required the commerce commissioner to disburse the additional revenue to the Minnesota Comprehensive Health Association to eliminate or reduce the assessment charged entities that use the program.

The association provides insurance for individuals whose health coverage was denied or terminated because of a severe or chronic illness. Association members are subject to assessments to help pay for the benefit. Membership is required, under law, as a condition of doing accident and health insurance, self-insurance, health maintenance organization, or community integrated service network business in this state.

A Department of Revenue analysis indicated the bill would have increased general fund revenue by \$235,000 in 2005, decreased revenue to the Health Care Access Fund by \$6.7 million,

and increased funds for the health association by \$36.9 million.

Opponents expressed concern that consumers will buy cigarettes, and possibly other goods, in North Dakota and South Dakota, where the tax is lower.

The Senate bill failed in a committee.

Sponsors of the measure were Rep. Fran Bradley (R-Rochester) and Sen. Sheila Kiscaden (IP-Rochester).

HF2533/SF2468

### Tax haven countries

A bill that would have prohibited corporations, or their subsidiaries, from doing work with state agencies if they are incorporated in a tax haven country and the United States is the principal market for public trading of the corporation's stock failed to become law.

The Senate passed the bill in 2003. Although approved by one House committee, the House Taxes Committee took no action on the measure in 2004.

Rep. Bill Hilty (DFL-Finlayson), who sponsored the measure with Sen. Richard Cohen (DFL-St. Paul), said the Minnesota Department of Administration had previously entered into contracts worth about \$7,000 with businesses that participate in the practice. He previously said it was time to do something because the state has given significant money to those with headquarters offshore.

A tax haven country is defined as a country

that has no corporate income tax or has a tax rate lower than 10 percent on income not derived from that country.

The bill would have provided for the commissioner to permit a contract that meets a compelling public interest, which specifically includes providing essential services and ensuring public health and safety.

Hilty said the practice of moving corporations to tax haven countries amounts to companies wanting to belong to the country club by playing 72 holes of golf on a weekend and taking advantage of the tennis courts, but not wanting to pay dues.

HF914/SF755

### Donated meals

A bill that would have exempted certain organizations from paying use taxes on items such as straws and cocktail napkins if they came as part of a meal donated for fund-raising purposes failed to become law in 2004.

The bill would have provided a specific sales tax exemption for meals donated to certain nonprofit organizations for fund-raisers. Those organizations have federal nonprofit designations and operate for charitable, religious, or educational purposes.

Meals donated to senior citizen groups for fund-raisers would have also been exempted.

Under current law, no sales taxes are due on the donated meals because the food is provided for free. However, extras, such as napkins, take-out containers, disposable silverware and cups, that may accompany the food, would be subject to state use tax.

The exemption in the bill would have meant there would be no taxes on the donated meals.

The bill was included in the House omnibus tax bill, which was later amended and passed by the Senate. No conference committee worked out the differences.

Sponsors of the measure were Rep. Tom Rukavina (DFL-Virginia) and Sen. David Tomassoni (DFL-Chisholm).

HF3073/SF2900

### Biotechnology zone credits

A bill that would have increased the authorized amount of tax credits and exemptions for biotechnology zones from \$1 million to \$2 million was included in the House omnibus tax bill. However, no conference committee met after the Senate amended and passed the bill.

The bill would have allowed for the additional value of authorized credits under the biotechnology zone law enacted in 2003. Those tax incentives included exemptions from property, corporate franchise, and sales and use taxes, as well as certain research, development and job-related credits.

Bill proponents said that tax credits, such as the ones in the bill, are investments that are returned many times over through job creation and economic activity.

So far, three biotechnology and health science zones have been designated – two in Minneapolis and one in Rochester – because of their proximity to the University of Minnesota and the Mayo Clinic, according to the Department of Employment and Economic Development.

Others noted the connection between biotechnology research and benefits to Greater Minnesota, particularly in terms of value-added agriculture products and businesses providing services to businesses in the Twin Cities metropolitan area.

The measures were sponsored by Rep. Doug Magnus (R-Slayton) and Sen. Julie Rosen (R-Fairmont).

HF2344/SF2270

## ★ TECHNOLOGY

### Genomics research funding

A monetary infusion to help meet the state's future needs in biotechnology and medical genomics was the premise behind a request that made it into the House and Senate bonding bills, but no further.

The bill called for the allocation of \$20 million for a three-floor expansion to a medical building at the Mayo Clinic in Rochester. The project was included in Gov. Tim Pawlenty's bonding recommendations.

Plans call for the research laboratory space to be home to the Minnesota Partnership for Biotechnology and Medical Genomics, a joint venture between the University of Minnesota and the Mayo Clinic. The Legislature allocated money during 2003 for planning the joint venture.

Genomics pinpoints the normal and abnormal functions of individual genes and uses the information to diagnose and treat diseases; therefore, it is an important factor in improving health care.

The partnership is designed to help position Minnesota as a global leader in genomics. The

University and Mayo Clinic have already combined to put approximately \$400 million into their respective biotechnology and genomics programs, but sharing would enable the entities to get more for their money.

Proponents said that the technology could lead to the creation of 4,000 new jobs in Minnesota and result in \$290 million in overall economic development by 2010 and \$934 million by 2020. They warned that other states have allocated funds to equal where Minnesota is now, and that the economic impact could go elsewhere if the state does not act soon.

Rep. Bob Gunther (R-Fairmont) and Sen. Richard Cohen (DFL-St. Paul) sponsored the bills.

### Funding online learners

A plan that would have encouraged more students to enroll in online programs was not included in the House omnibus education finance bill.

The measure would have changed a capped funding mechanism approved by the 2003 Legislature and eliminated a state requirement that a student must have attended a public school in the year prior to taking an online course.

State funding rules that effectively limit public schools' online learning enrollment were discriminatory, a mother of three students told a House committee. She said that home-schooled students or those attending private

schools were unable to enroll in the Minnesota Virtual Academy, which delivers its curriculum to students via the Internet.

It was estimated that 500 children had been turned away because of the 2003 law.

A new procedure for online learning linked funding amounts to several factors, including whether the student was previously enrolled in the public school system. Funding for students not previously enrolled in public schools was capped at \$1 million for fiscal year 2004 and \$1.25 million for fiscal year 2005.

One Senate committee approved the measure, but a second took no action.

Rep. Mark Buesgens (R-Jordan) and Sen. Steve Kelley (DFL-Hopkins) sponsored the bill.

HF1947/SF2183

### Online access for all

A bill to create partial state aid reimbursement for schools' Internet and telecommunications access was not included in an omnibus education measure.

The bill would have created access equity aid for school districts, charter schools, and nonpublic schools. Its estimated cost was \$5.5 million annually.

For public schools, the aid would have equaled 90 percent of unreimbursed telecommunication costs exceeding \$15 per pupil. For nonpublic schools, the aid would have been



PHOTO BY ANDREW VONBANK

**A bill that would have encouraged more students to enroll in online programs by removing a funding cap and public school requirement failed to become law.**



the same percentage of unreimbursed costs exceeding \$10 per pupil.

Participating districts would have been required to apply for federal Internet funds known as e-rate funds.

In his proposed 2004-05 state budget adjustments, Gov. Tim Pawlenty recommended \$4.5 million for rural telecommunications access.

Proponents said that state support for schools' telecommunications access has slipped since the Legislature provided \$120 million for network infrastructure in the late-1990s. They said that Minnesota is the only state that doesn't fund a telecommunications system for K-12 schools. Others said that some students cannot receive or afford the Internet at home, and that school is where they get their information.

For fiscal years 2001 to 2003, the state had a similar program called the Telecommunications Access Revenue Program. The goal was to have a permanent solution in place by the time the program expired, but no legislation was enacted, in part because of state budget deficits.

Rep. Doug Lindgren (R-Bagley) and Sen. Julie Rosen (R-Fairmont) sponsored the bills. HF2195/SF2123

## ★ TRANSPORTATION

### School bus inspections

Mechanics, vehicle dealers, or school district employees would have been permitted to perform state required annual inspections of school buses and vehicles used in Head Start programs, under a bill in the House omnibus education finance bill. However, a conference committee removed the provision.

Under the bill, designated individuals trained and certified by the Department of Public Safety, would have been permitted to inspect the vehicles.

Under current law, only members of the State Patrol may inspect and certify school

buses. A State Patrol representative said there are 13 inspectors to annually inspect 13,000 school buses statewide.

The bill would have allowed the state to certify certain individuals for school bus inspections after completion of an eight-hour training course. A similar program for commercial truck fleets has trained 7,000 state certified inspectors.

People that may have been certified under the bill include a school bus owner; an employee of the owner, school district, or nonpublic school that owns buses; a school bus or Head Start vehicle dealer; or a mechanic.

School districts could have continued to require that State Patrol personnel inspect buses. The bill would have allowed the state to conduct unannounced inspections of school bus fleets.

Sponsors of the measure were Rep. Randy Demmer (R-Hayfield) and Sen. Steve Dille (R-Dassel).

HF1620/SF1550

### Bus line funding

A plan to provide \$1 million for the development of a proposed 80-mile bus corridor from downtown St. Paul to Hinckley was included in the bonding bill that passed in the House but not the Senate. The money would match federal funds.

The Rush Line corridor transitway would have followed U.S. Highway 61 and Interstate 35 through Ramsey, Washington, Chisago, and Pine counties.

A 1999 task force representing counties, cities, townships, and regional railroad authorities recommended the following Rush Line projects, and their costs:

- Forest Lake Transit Center, \$489,458;
- Park-and-pool at I-35 and Chisago County Highway 17, \$188,000;
- Park-and-ride at Maplewood Mall, \$188,000;
- Park-and-pool (for vanpools) at state highways 70 and 361 in Pine County, \$97,000; and

- Two vanpool vans, \$37,542.

Supporters said the transitway is needed because congestion in the corridor is expected to dramatically increase by 2020. Information provided to a House committee indicates a 65 percent increase in traffic between White Bear Lake and Hugo and a 50 percent increase between Hugo and Hinckley.

It is estimated that in 2020 the line would handle 8,100 riders a day between White Bear Lake and downtown St. Paul.

Rep. Doug Meslow (R-White Bear Lake) and Sen. Becky Lourey (DFL-Kerrick) were the sponsors.

HF481/SF619

### Gas tax alternatives

A proposal to create a task force to study the future of highway funding was approved by two House committees before stalling in 2004.

No Senate action occurred on the plan.

The 24-member task force, including six citizens, would have examined existing highway user tax mechanisms and studied alternative user tax systems. A report would have been due to the Legislature by Jan. 15, 2007.

Among the items the task force would have studied were: the adequacy of existing mechanisms to fund future highway needs, alternative highway user tax systems and mechanisms that tie highway user collections directly to road usage, revenue potential of any new system, public acceptance of a new system, cost of implementation and administration, issues of tax equity, and potential evasion of accurate reporting.

Rep. Ron Erhardt (R-Edina), who sponsored the bill with Sen. Steve Murphy (DFL-Red Wing), said the idea was driven by concerns that gas tax revenues will decline due to the advancement of alternative fuel vehicles and improved vehicle mileage.

HF2210/SF2535