

STATE OF MINNESOTA

EIGHTY-THIRD SESSION — 2003

SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, JANUARY 27, 2003

The House of Representatives convened at 3:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Lonnie E. Titus, House Chaplain.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	DeLaForest	Heidgerken	Lanning	Opatz	Soderstrom
Abrams	Demmer	Hilstrom	Larson	Osterman	Stanek
Adolphson	Dempsey	Hilty	Latz	Otremba	Stang
Anderson, B.	Dill	Holberg	Lenczewski	Ozment	Strachan
Anderson, I.	Dorman	Hoppe	Lesch	Paulsen	Swenson
Anderson, J.	Dorn	Hornstein	Lieder	Paymar	Sykora
Atkins	Eastlund	Howes	Lindgren	Pelowski	Thao
Beard	Eken	Huntley	Lindner	Penas	Thissen
Bernardy	Ellison	Jacobson	Lipman	Peterson	Tingelstad
Biernat	Entenza	Jaros	Magnus	Pugh	Urdahl
Blaine	Erhardt	Johnson, J.	Mahoney	Rhodes	Vanderveer
Borrell	Erickson	Johnson, S.	Mariani	Rukavina	Wagenius
Boudreau	Finstad	Juhnke	Marquart	Ruth	Walker
Bradley	Fuller	Kahn	McNamara	Samuelson	Walz
Brod	Gerlach	Kelliher	Meslow	Seagren	Wardlow
Buesgens	Goodwin	Kielkucki	Mullery	Seifert	Wasiluk
Carlson	Greiling	Klinzing	Nelson, C.	Sertich	Westrom
Clark	Gunther	Knoblach	Nelson, M.	Severson	Wilkin
Cornish	Haas	Koenen	Nelson, P.	Sieben	Spk. Sviggum
Cox	Hackbarth	Kohls	Nornes	Simpson	
Davids	Harder	Krinkie	Olsen, S.	Slawik	
Davnie	Hausman	Kuisle	Olson, M.	Smith	

A quorum was present.

Murphy, Solberg and Westerberg were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Klinzing moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 74, A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 16A.17, by adding a subdivision; 16B.47; 16B.48, subdivision 2; 16B.49; 16C.08, subdivisions 2, 3; 16C.09; 116P.05, subdivision 2; 116P.09, subdivisions 4, 5, 7; 116P.10; 116P.14, subdivision 2; 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 136A.121, subdivision 7; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.0625, subdivision 13; 256B.19, subdivision 1d; 256B.195, subdivision 4; 256B.32, subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 268.186; 289A.50, subdivision 2a; 289A.56, subdivision 4; 297A.75, subdivisions 2, 4; 297F.10, subdivision 1; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; repealing Minnesota Statutes 2002, sections 1.31; 16B.50; 16C.07; 43A.047; 115A.908, subdivision 2; 116P.13; 256.973; 256B.195, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

EDUCATION FINANCE

Section 1. [EDUCATION APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 3 or 6, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

2003

APPROPRIATION REDUCTIONS

\$(7,500,000)

APPROPRIATION CHANGE

Sec. 2. APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING

Subdivision 1. Department Operating Budget

(1,044,000)

The sums in this subdivision are subtracted from the general fund appropriations to the department of children, families, and learning for operating purposes.

Subd. 2. Department Aid and Grants

(223,000)

APPROPRIATION CHANGE

The sums in this subdivision are subtracted from the general fund appropriation to the department of children, families, and learning for aids and grants.

Subd. 3. School Readiness (791,000)

Subd. 4. Early Childhood Family Education (769,000)

Subd. 5. Community Education (1,807,000)

Subd. 6. Adult Basic Education Aid (1,622,000)

Subd. 7. State Revenue for American Indian Tribal Contract or Grant Schools (825,000)

If the appropriation for this program is insufficient, state aid must be proportionately reduced.

Subd. 8. Best Practice Grants (363,000)

Subd. 9. Magnet School Start-Up Grants (50,000)

If the appropriation for this program is insufficient, state aid must be proportionately reduced.

Sec. 3. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION (331,000)

Sec. 4. Minnesota Statutes 2002, section 124D.135, subdivision 8, is amended to read:

Subd. 8. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the average balance, during the most recent three-year period in a district's early childhood family education reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum early childhood family education annual revenue under subdivision 1, excluding adjustments under this subdivision, plus any fees, grants, or other revenue received by the district for early childhood family education programs for the prior year.

~~(b) If a district's adjusted average early childhood family education reserve over the three-year period is in excess of 25 percent of the prior year annual revenue the limit under paragraph (a), the district's early childhood family education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the prior current year under subdivision 4 to the district's revenue for the prior current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. The commissioner must reallocate aid and levy reduced under this subdivision to other eligible early childhood family education programs in proportion to each district's revenue for the prior year under subdivision 1. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 3, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.~~

~~(b)~~ (c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's early childhood family education reserve account on June 30, 2002. For fiscal year 2004,

the excess reserve amount shall be computed using the adjusted average balance in a district's early childhood family education reserve account on June 30, 2002, and June 30, 2003.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2003.

Sec. 5. Minnesota Statutes 2002, section 124D.16, subdivision 6, is amended to read:

Subd. 6. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the district's school readiness annual revenue for the prior year, excluding adjustments under this subdivision.

~~(b) If a district's adjusted average school readiness reserve over the three-year period is in excess of 25 percent of the prior year annual revenue the limit under paragraph (a), the district's current year school readiness state aid must be reduced by the lesser of the excess reserve amount or the current year aid. The commissioner must reallocate aid reduced under this subdivision to other eligible school readiness programs in proportion to each district's aid for the prior year under subdivision 2.~~

~~(b) (c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's school readiness reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's school readiness reserve account on June 30, 2002, and June 30, 2003.~~

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2003.

Sec. 6. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

Subd. 11. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum total community education revenue under subdivision 1, excluding adjustments under this subdivision, plus the district's additional community education levy under section 124D.21, plus any fees, grants, or other revenue received by the district for community education programs for the prior year. For purposes of this paragraph, "community education programs" means programs according to subdivisions 8, paragraph (a), and 9, and section 124D.19, subdivision 12, excluding early childhood family education programs under section 124D.13, school readiness programs under sections 124D.15 and 124D.17, and adult basic education programs under section 124D.52.

(b) If the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, is in excess of the limit under paragraph (a), the district's community education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the current year under subdivision 7 to the district's revenue for the current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 5 or 6, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balances in a district's community education reserve account and unreserved/undesignated community service fund

account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002, and June 30, 2003.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2003.

Sec. 7. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

Subd. 12. [WAIVER.] (a) If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 11 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

(b) Notwithstanding paragraph (a), for fiscal year 2003, a district may submit a waiver request within 30 days of the date of final enactment.

Sec. 8. Minnesota Statutes 2002, section 124D.52, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM REQUIREMENTS.] (a) An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged to a learner for instruction paid under this section, except for

(b) Notwithstanding any law to the contrary, a school board or the governing body of a consortium offering an adult basic education program may adopt a sliding fee schedule based on a family's income, but must waive the fee for participants who are under the age of 21 or unable to pay. The fees charged must be designed to enable individuals of all socioeconomic levels to participate in the program. A program may charge a security deposit to assure return of materials, supplies, and equipment.

(c) Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. The memorandum of understanding must describe how the adult basic education program and the workforce development centers will cooperate and coordinate services to provide unduplicated, efficient, and effective services to clients.

(d) Adult basic education aid must be spent for adult basic education purposes as specified in sections 124D.518 to 124D.531.

Sec. 9. Minnesota Statutes 2002, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.] (a) The state total adult basic education aid for fiscal year ~~2001~~ 2002 equals ~~\$30,157,000~~ \$32,570,000. The state total adult basic education aid for later years equals:

(1) the state total adult basic education aid for the preceding fiscal year; times

(2) the lesser of:

(i) ~~1.08~~ 1.02, or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

(b) Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

~~(b)~~ (c) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to revenue for fiscal year 2003 and later.

Sec. 10. Minnesota Statutes 2002, section 124D.531, subdivision 5, is amended to read:

Subd. 5. [AID GUARANTEE.] Notwithstanding subdivisions 1, 2, 3, and 4, for fiscal ~~year 2001~~, any years 2004 and 2005 only, adult basic education aid for an adult basic education program qualifying for aid under this section; ~~that receives less state aid than in fiscal year 2000 must receive additional aid equal to the difference between its fiscal year 2000 aid and its fiscal year 2001 aid must equal at least its aid amount for fiscal year 2003.~~

Sec. 11. [LEVY REDUCTION; DISTRICTS IN STATUTORY OPERATING DEBT.]

For fiscal years 2003 and 2004 only, a school district that is in statutory operating debt as defined in Minnesota Statutes, section 123B.81, as of June 30 of the previous year is not subject to a levy reduction under Minnesota Statutes, section 124D.20, subdivision 11.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective the day following final enactment unless otherwise specified.

ARTICLE 2

HIGHER EDUCATION

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The dollar amounts in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 1, as amended by Laws 2001, First Special Session chapter 220 or 374, or other law to the specified agencies. The appropriations are from the general fund or any other named fund and are available for the fiscal years indicated for each purpose. The figure 2003 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2003.

SUMMARY BY FUND

	2003
General	\$(51,500,000)

SUMMARY BY AGENCY - ALL FUNDS

	2003 TOTAL
Higher Education Services Office	\$(1,500,000)
Board of Trustees of the Minnesota State Colleges and Universities	\$(25,000,000)
Board of Regents of the University of Minnesota	\$(25,000,000)

APPROPRIATIONS
Available for the Year
Ending June 30
2003

Sec. 2. HIGHER EDUCATION SERVICES OFFICE

Subdivision 1. Total Appropriation Changes (1,500,000)

The base appropriation for fiscal years 2004 and 2005 is reduced by this amount. The higher education services office shall not reduce grant awards of the state grant program under Minnesota Statutes, section 136A.121, to meet the reductions under this section.

Subd. 2. State Grants, Fiscal Year 2003

Notwithstanding Minnesota Statutes, section 136A.121, subdivision 9a, the higher education services office may eliminate state grant funding for summer school programs and may establish a closing date for grant funding for grants in fiscal year 2003.

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

Total Appropriation Changes (25,000,000)

This amount is added to the base appropriation reductions for fiscal years 2004 and 2005 in Laws 2002, chapter 220, article 5, section 3.

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

Total Appropriation Changes (25,000,000)

This amount is added to the base appropriation reductions for fiscal years 2004 and 2005 in Laws 2002, chapter 220, article 5, section 4.

Reductions under this section may be made to general fund appropriations in Laws 2001, First Special Session chapter 1, article 1, section 4, except for appropriations to the agricultural and extension service under Laws 2001, First Special Session chapter 1, article 1, section 4, subdivision 4, paragraph (a).

Sec. 5. [SELF LOAN RESERVE FUND TRANSFER.]

By June 30, 2003, notwithstanding Minnesota Statutes, section 136A.171, or any other law to the contrary, the higher education services office shall transfer \$30,000,000 of unrestricted balances in the SELF loan reserve fund to the general fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment, unless otherwise specified.

ARTICLE 3

HEALTH AND HUMAN SERVICES

Section 1. [HEALTH AND HUMAN SERVICES REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 9, as amended by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

2003

APPROPRIATION CHANGE

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation Reductions	(8,088,000)
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Summary by Fund

General	(8,088,000)
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Subd. 2. Agency Management

General	(3,333,000)
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[ADMINISTRATION REDUCTION.] The department's general fund fiscal year 2003 administrative appropriation is reduced by \$3,333,000.

[SPECIAL REVENUE FUND TRANSFER.] Notwithstanding any law to the contrary, excluding accounts authorized under Minnesota Statutes, section 16A.1286, and chapter 254B, the commissioner shall transfer \$1,200,000 of uncommitted special revenue fund balances to the general fund upon final enactment. The actual transfers shall be identified within the standard

APPROPRIATION CHANGE

information provided to the chairs of the house health and human services finance committee and the senate health, human services, and corrections budget division in December 2003.

[STATE-OPERATED SERVICES TRANSFER.] The commissioner shall transfer \$3,200,000 from the Traumatic Brain Injury Enterprise, \$1,000,000 from lease income, and \$500,000 from the ICF/MR depreciation accounts to the general fund upon final enactment.

Subd. 3. Administrative Reimbursement/Pass-through

Federal TANF 1,022,000

[TANF INDIRECT COSTS.] The fiscal year 2003 federal TANF appropriation for TANF indirect costs is increased by \$1,022,000. Notwithstanding Minnesota Statutes, section 256J.02, subdivision 5, the limit on TANF indirect cost liability for fiscal year 2003 shall be \$3,951,000. For the calendar quarter starting October 1, 2002, and until the indirect cost liability limit is reached, the commissioner shall reimburse the general fund a rate of 100 percent of TANF-allowable indirect costs.

Subd. 4. Children's Services Grants

General (750,000)

[CRIMINAL JUSTICE TRAINING GRANT.] The fiscal year 2003 appropriation for the criminal justice training grant is reduced by \$5,000.

[FETAL ALCOHOL SYNDROME GRANT.] The fiscal year 2003 appropriation for the fetal alcohol syndrome grant is reduced by \$106,000.

[FOSTER AND ADOPT RECRUITMENT GRANT.] The fiscal year 2003 appropriation for the foster and adopt recruitment grant is reduced by \$55,000.

[ADOPTION ASSISTANCE AND RELATIVE CUSTODY ASSISTANCE GRANTS.] The fiscal year 2003 appropriation for the adoption assistance and relative custody assistance grants is reduced by \$584,000.

Subd. 5. MA Basic Health Care Grants - Families and Children

General (5,734,000)

Subd. 6. MA Basic Health Care Grants - Elderly and Disabled

General (1,409,000)

APPROPRIATION CHANGE

Subd. 7. General Assistance Medical Care Grants

General	(417,000)
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Subd. 8. Health Care Policy Administration

General	(5,000)
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Subd. 9. Prescription Drug Program

General	(247,000)
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Subd. 10. Aging and Adult Service Grants

General	(776,000)
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[HOME SHARE GRANT.] The fiscal year 2003 appropriation for the home share grant is reduced by \$156,000.

[COMMUNITY SERVICE GRANT.] The fiscal year 2003 appropriation for the community service grant is reduced by \$515,000.

[SAIL GRANTS.] The fiscal year 2003 appropriation for SAIL grants under Minnesota Statutes, section 256B.0917, is reduced by \$28,000. This is a onetime reduction and does not affect base funding for the program.

[COMMUNITY SERVICES DEVELOPMENT GRANTS.] The fiscal year 2003 appropriation for community services development grants under Minnesota Statutes, section 256.9754, is reduced by \$39,000. This is a onetime reduction and does not affect base funding for the program.

[HEALTH CARE CONSUMER ASSISTANCE GRANTS.] The fiscal year 2003 appropriation for health care consumer assistance grants under Minnesota Statutes, section 256.9772, is reduced by \$38,000. This is a onetime reduction and does not affect base funding for the program.

Subd. 11. Medical Assistance Long-term Care Waivers and Home Care Grants

General	66,000
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[TARGETED CASE MANAGEMENT FOR HOME CARE RECIPIENTS.] Implementation of the targeted case management benefit for home care recipients, pursuant to Laws 2001, First Special Session chapter 9, article 3, sections 20, 21, 23 to 25, 27, and 28 (Minnesota Statutes, section 256B.0621, subdivisions 2, 3, 5 to 7, 9, and 10) will be delayed until July 1, 2005.

APPROPRIATION CHANGE

[COMMON SERVICE MENU.] Implementation of the common service menu option within the home- and community-based waivers, pursuant to Laws 2001, First Special Session chapter 9, article 3, section 63 (Minnesota Statutes, section 256B.49, subdivision 16) will be delayed until July 1, 2005.

Subd. 12. Medical Assistance Long-term Care Facilities Grants

General

7,659,000

[ICF/MR SPECIAL RATE PROVISIONS FOR OCCUPANCY.] Notwithstanding Minnesota Statutes, section 256B.5013, subdivision 4, the commissioner shall suspend new authorizations of rate adjustments to ICF/MR facilities with seven or more beds for the purposes of addressing occupancy. This suspension shall take effect as of April 1, 2003, and shall sunset on July 1, 2003.

Notwithstanding Minnesota Statutes, section 256B.5013, subdivision 4, the commissioner, for the period April 1, 2003, through June 30, 2003, shall adjust the total payment rate for up to 30 days for the remaining recipients in facilities with six or fewer beds in which the monthly occupancy rate of licensed beds is 75 percent or higher.

Subd. 13. Community Support Grants

General

(250,000)

[PUBLIC GUARDIANSHIP GRANTS.] The fiscal year 2003 appropriation for public guardianship grants is reduced by \$250,000. This is a onetime reduction and does not affect base funding for the program.

Subd. 14. Alternative Care Grants

General

(1,700,000)

[ALTERNATIVE CARE TARGETED FUNDS REDUCTION.] The commissioner shall adjust the allocation of targeted alternative care funds to reduce net general fund expenditures by \$1,000,000 in fiscal year 2003. The reduction shall be achieved by delaying implementation of common service menu provisions and by working with counties to create efficiencies, including moving medical assistance eligible persons from alternative care to the elderly waiver more quickly.

Subd. 15. Chemical Dependency Nonentitlement Grants

General

(268,000)

APPROPRIATION CHANGE

[CHEMICAL DEPENDENCY NONENTITLEMENT GRANTS.] The fiscal year 2003 appropriation for chemical health nonentitlement grants shall be reduced by \$268,000. This reduction affects only the chemical use assessment of minors authorized under Minnesota Statutes, section 260B.157, subdivision 1, and the statewide detoxification transportation program authorized under Minnesota Statutes, section 254A.17, subdivision 3.

Subd. 16. Minnesota Family Investment Program (860,000)

[MFIP EMPLOYMENT AND TRAINING PROGRAM.] The fiscal year 2003 appropriation for MFIP employment and training shall be reduced by \$103,000 to reflect the sunset on the 24-month education program.

[MFIP NONCITIZEN FOOD ASSISTANCE.] The fiscal year 2003 appropriation for MFIP food assistance program administration is increased by \$7,000.

[MFIP FOOD AND CASH ASSISTANCE.] The fiscal year 2003 appropriation for MFIP food and cash assistance serving noncitizens is reduced by \$763,000.

[EMERGENCY ASSISTANCE.] The fiscal year 2003 appropriation for emergency assistance is reduced by \$1,000.

[FEDERAL TANF EMERGENCY ASSISTANCE.] The fiscal year 2003 federal TANF appropriation for emergency assistance is reduced by \$128,000.

Subd. 17. Work Grants

Federal TANF (894,000)

[SUPPORTIVE WORK GRANTS.] The fiscal year 2003 federal TANF appropriation for supportive work grants is reduced by \$894,000.

Subd. 18. Economic Support Grants - Other Assistance

General (64,000)

[FRAUD PREVENTION INVESTIGATION GRANTS.] The fiscal year 2003 general fund appropriation for fraud prevention investigation grants is reduced by \$64,000.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total General Fund Appropriation Reductions (5,948,000)

Summary by Fund

General (5,948,000)

Transfers from Other Funds (4,000,000)

APPROPRIATION CHANGE

\$500,000 of the appropriation reduction is from long-term care quality demonstration grants authorized in Laws 2001, First Special Session chapter 9, article 17, section 3.

\$500,000 of the appropriation reduction is from long-term care transition planning grants authorized in Laws 2001, First Special Session chapter 9, article 17, section 3.

\$3,557,000 of the appropriation reduction is from WIC grants administration authorized in Laws 2001, First Special Session chapter 9, article 17, section 3.

[HEALTH DISPARITIES; IMMUNIZATIONS.] The fiscal year 2003 appropriation for grants under Minnesota Statutes, section 145.928, subdivision 7, to reduce health disparities in infant mortality and immunization rates, is reduced by \$314,000. This is a onetime reduction and does not affect base funding.

[HEALTH DISPARITIES; GRANTS.] The fiscal year 2003 appropriation for grants under Minnesota Statutes, section 145.928, subdivision 8, to reduce health disparities in certain priority areas, is reduced by \$108,000. This is a onetime reduction and does not affect base funding.

[LEAD GRANTS.] The fiscal year 2003 appropriation for grants under Minnesota Statutes, section 144.9507, subdivision 3, to meet relocation requirements during lead-hazard reduction work, is reduced by \$25,000. This is a onetime reduction and does not affect base funding.

[FAMILY PLANNING GRANTS.] The fiscal year 2003 appropriation for family planning grants under Minnesota Statutes, section 145.925, is reduced by \$56,000. This is a onetime reduction and does not affect base funding.

[TANF WIC CLIENT SERVICES ALLOWANCE.] Of the TANF funds appropriated to the commissioner of health for the home visiting program in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2, and Laws 2000, chapter 488, article 8, section 2, subdivision 6, clause (3), and allocated to community health boards and tribal governments under Minnesota Statutes, section 145A.17, up to \$3,500,000 may be spent for WIC client services under Minnesota Statutes, section 145.894, clause (c). The commissioner of health shall determine a method for apportioning this allowance between family home visiting and WIC client services within the allocations provided to the community health boards and tribal governments for the remainder of fiscal year 2003.

APPROPRIATION CHANGE

\$4,000,000 of the appropriation for tobacco use and prevention activities under Minnesota Statutes, section 144.395, subdivision 2, is transferred to the commissioner of finance for cancellation to the general fund.

Sec. 4. EMERGENCY MEDICAL SERVICES BOARD (45,000)

Sec. 5. COUNCIL ON DISABILITY (29,000)

Sec. 6. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION (73,000)

[CANCELLATION.] \$14,500 of the amount for crime victims oversight is canceled to the general fund.

Sec. 7. OMBUDSMAN FOR FAMILIES (9,000)

Sec. 8. VETERANS HOMES BOARD (124,000)

Sec. 9. CHILDREN, FAMILIES, AND LEARNING

General (680,000)

[CHILD CARE DEVELOPMENT GRANTS.] The fiscal year 2003 general fund appropriation for child care development grants is reduced by \$25,000.

[BASIC SLIDING FEE CHILD CARE.] The fiscal year 2003 general fund appropriation for basic sliding fee child care is reduced by \$602,000.

[MFIP CHILD CARE.] The fiscal year 2003 general fund appropriation for MFIP child care is reduced by \$53,000.

Sec. 10. Minnesota Statutes 2002, section 119B.011, is amended by adding a subdivision to read:

Subd. 23. [FEDERAL POVERTY GUIDELINES.] "Federal poverty guidelines" means the annual poverty guidelines for a family of four, adjusted for family size, published annually by the United States Department of Health and Human Services in the Federal Register.

Sec. 11. Minnesota Statutes 2002, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL ELIGIBILITY REQUIREMENTS FOR ALL APPLICANTS FOR CHILD CARE ASSISTANCE.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J or 256K;

(2) have household income below the eligibility levels for MFIP; or

(3) have household income ~~within a range established by the commissioner~~ no greater than 250 percent of the federal poverty guidelines, adjusted for family size.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 12. Minnesota Statutes 2002, section 119B.09, subdivision 2, is amended to read:

Subd. 2. [SLIDING FEE.] Child care services to families ~~with incomes in the commissioner's established range~~ must be made available on a sliding fee basis. ~~The upper limit of the range must be neither less than 70 percent nor more than 90 percent of the state median income for a family of four, adjusted for family size.~~

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 13. Minnesota Statutes 2002, section 119B.12, subdivision 2, is amended to read:

Subd. 2. [PARENT FEE.] A family's monthly parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to ~~400~~ 250 percent of ~~state median income~~ the federal poverty guidelines. Beginning January 1, 1998, 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 ~~\$5~~ \$10 per month. Parent fees must be established in rule and must provide for graduated movement to full payment.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 14. Minnesota Statutes 2002, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. [CONTRIBUTION AMOUNT.] (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute monthly to the cost of services, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.67 or through title IV-E of the Social Security Act.

(b) The parental contribution shall be the greater of a minimum monthly fee of \$25 for households with adjusted gross income of \$30,000 and over, or an amount to be computed by applying to the adjusted gross income of the natural or adoptive parents that exceeds 150 percent of the federal poverty guidelines for the applicable household size, the following schedule of rates:

(1) on the amount of adjusted gross income over 150 percent of poverty, but not over \$50,000, ten percent;

(2) on the amount of adjusted gross income over 150 percent of poverty and over \$50,000 but not over \$60,000, 12 percent;

(3) on the amount of adjusted gross income over 150 percent of poverty, and over \$60,000 but not over \$75,000, 14 percent; and

(4) on all adjusted gross income amounts over 150 percent of poverty, and over \$75,000, 15 percent.

If the child lives with the parent, the parental contribution is reduced by \$200, except that the parent must pay the minimum monthly \$25 fee under this paragraph. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents under age 21, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a), except that a court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the contribution of the parent making the payment.

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, "insurance" means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

(i) The contribution under paragraph (b) shall be reduced by \$300 per fiscal year if, in the 12 months prior to July 1:

(1) the parent applied for insurance for the child;

(2) the insurer denied insurance;

(3) the parents submitted a complaint or appeal, in writing to the insurer, submitted a complaint or appeal, in writing, to the commissioner of health or the commissioner of commerce, or litigated the complaint or appeal; and

(4) as a result of the dispute, the insurer reversed its decision and granted insurance.

For purposes of this section, "insurance" has the meaning given in paragraph (h).

A parent who has requested a reduction in the contribution amount under this paragraph shall submit proof in the form and manner prescribed by the commissioner or county agency, including, but not limited to, the insurer's denial of insurance, the written letter or complaint of the parents, court documents, and the written response of the insurer approving insurance. The determinations of the commissioner or county agency under this paragraph are not rules subject to chapter 14.

(j) The contribution calculated under paragraph (b) shall be increased by five percent.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 15. Minnesota Statutes 2002, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING HOME LICENSE SURCHARGE.] (a) Effective July 1, 1993, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as \$620 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625.

(c) Effective August 15, 2002, the surcharge under paragraph (b) shall be increased to \$990.

(d) Effective April 15, 2003, the surcharge under paragraph (c) shall be increased to \$2,741.

(e) Between April 1, 2002, and August 15, 2003 2004, a facility governed by this subdivision may elect to assume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in section 256B.48, subdivision 1, paragraph (a), and all other requirements established in law or rule, and to begin intake of new medical assistance recipients. Rates will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080. Notwithstanding section 256B.431, subdivision 27, paragraph (i), rate calculations will be subject to limits as prescribed in rule and law. Other than the adjustments in sections 256B.431, subdivisions 30 and 32; 256B.437, subdivision 3, paragraph (b), Minnesota

Rules, part 9549.0057, and any other applicable legislation enacted prior to the finalization of rates, facilities assuming full participation in medical assistance under this paragraph are not eligible for any rate adjustments until the July 1 following their settle-up period.

[EFFECTIVE DATE.] This section is effective February 28, 2003.

Sec. 16. Minnesota Statutes 2002, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) For fee-for-service admissions occurring on or after March 1, 2003, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced five percent from the current statutory rates. Mental health services within diagnosis-related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph.

Sec. 17. Minnesota Statutes 2002, section 256B.056, subdivision 1a, is amended to read:

Subd. 1a. [INCOME AND ASSETS GENERALLY.] Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the supplemental security income program shall be used. Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year.

Effective upon federal approval, for children eligible under section 256B.055, subdivision 12, or for home and community-based waiver services whose eligibility for medical assistance is determined without regard to parental income, child support payments, including any payments made by an obligor in satisfaction of or in addition to a temporary or permanent order for child support, and social security payments are not counted as income. For families and children, which includes all other eligibility categories, the methodologies under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law Number 104-193, shall be used, ~~except that effective July 1, 2002, the \$90 and \$30 and one-third earned income disregards shall not apply and the disregard specified in subdivision 1c shall apply.~~ For these purposes, a "methodology" does not include an asset or income standard, or accounting method, or method of determining effective dates.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 18. Minnesota Statutes 2002, section 256B.056, subdivision 4, is amended to read:

Subd. 4. [INCOME.] (a) To be eligible for medical assistance, a person eligible under section 256B.055, subdivisions 7, 7a, and 12, may have income up to 100 percent of the federal poverty guidelines. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date.

(b) To be eligible for medical assistance, families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. Effective July 1, 2000, the base AFDC standard in effect on July 16, 1996, shall be increased by three percent.

(c) ~~Effective July 1, 2002, to be eligible for medical assistance, families and children may have an income up to 100 percent of the federal poverty guidelines for the family size.~~

(~~d~~) In computing income to determine eligibility of persons under paragraphs (a) ~~to (e)~~ and (b) who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers Laws 94-566, section 503; 99-272; and 99-509. Veterans aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 19. Minnesota Statutes 2002, section 256B.057, subdivision 2, is amended to read:

Subd. 2. [CHILDREN.] Except as specified in subdivision 1b, ~~effective July 1, 2002, a child one through 18~~ five years of age in a family whose countable income is no greater than ~~170~~ 133 percent of the federal poverty guidelines for the same family size, is eligible for medical assistance. A child six through 18 years of age, in a family whose countable income is no greater than 100 percent of the federal poverty guidelines for the same family size, is eligible for medical assistance.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 20. Minnesota Statutes 2002, section 256B.06, subdivision 4, is amended to read:

Subd. 4. [CITIZENSHIP REQUIREMENTS.] (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

- (1) admitted for lawful permanent residence according to United States Code, title 8;
- (2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;
- (3) granted asylum according to United States Code, title 8, section 1158;
- (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
- (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law ~~Number~~ 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law ~~Number~~ 104-200; ~~or~~

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law ~~Number~~ 96-422, the Refugee Education Assistance Act of 1980;

(10) determined to be an Amerasian immigrant;

(11) determined to be an American Indian born outside of the United States who is a member of a federally recognized tribe;

(12) determined to be a Canadian with 50 percent or more American Indian blood;

(13) is a noncitizen veteran of the United States Armed Forces with an honorable discharge for a reason other than noncitizen status, the person's spouse and unmarried minor dependent children; or

(14) is a noncitizen on active duty in the United States Armed Forces, other than for training, the person's spouse and unmarried minor dependent children.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of chapter 256B, are eligible for medical assistance with federal financial participation.

(d) ~~All~~ Qualified noncitizens described in paragraph (b), clauses (1) and (5) through (8), who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of chapter 256B, are eligible for medical assistance with federal financial participation ~~through November 30, 1996~~ after five years from date of entry.

Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of chapter 256B are eligible for medical assistance with federal participation ~~for five years~~ if they meet one of the following criteria:

- (i) refugees admitted to the United States according to United States Code, title 8, section 1157;

- (ii) persons granted asylum according to United States Code, title 8, section 1158;
- (iii) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (iv) noncitizen veterans of the United States Armed Forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; ~~or~~
- (v) noncitizen persons on active duty in the United States Armed Forces, other than for training, their spouses and unmarried minor dependent children;
- (vi) Amerasian immigrants;
- (vii) Cuban or Haitian entrants as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980;
- (viii) American Indians born outside of the United States who are members of federally recognized tribes; or
- (ix) Canadians with 50 percent or more American Indian blood.

~~Beginning December 1, 1996, qualified noncitizens who do not meet one of the criteria in items (i) to (v) are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(e) Noncitizens who are not qualified noncitizens as defined in paragraph (b), who are lawfully residing in the United States and who otherwise meet the eligibility requirements of chapter 256B, are eligible for medical assistance under clauses (1) to (3). These individuals must cooperate with the Immigration and Naturalization Service to pursue any applicable immigration status, including citizenship, that would qualify them for medical assistance with federal financial participation.~~

~~(1) Persons who were medical assistance recipients on August 22, 1996, are eligible for medical assistance with federal financial participation through December 31, 1996.~~

~~(2) Beginning January 1, 1997, persons described in clause (1) are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(3) Beginning December 1, 1996, persons residing in the United States prior to August 22, 1996, who were not receiving medical assistance and persons who arrived on or after August 22, 1996, are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(f) Nonimmigrants who otherwise meet the eligibility requirements of chapter 256B are eligible for the benefits as provided in paragraphs (g) to (i). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).~~

~~(g)~~ (e) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of chapter 256B, if such care and services are necessary for the treatment of an emergency medical condition, except for organ transplants and related care and services and routine prenatal care.

~~(h)~~ (f) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

~~(i) Pregnant noncitizens who are undocumented or nonimmigrants, who otherwise meet the eligibility requirements of chapter 256B, are eligible for medical assistance payment without federal financial participation for care and services through the period of pregnancy, and 60 days postpartum, except for labor and delivery.~~

~~(j) Qualified noncitizens as described in paragraph (d), and all other noncitizens lawfully residing in the United States as described in paragraph (e), who are ineligible for medical assistance with federal financial participation and who otherwise meet the eligibility requirements of chapter 256B and of this paragraph, are eligible for medical assistance without federal financial participation. Qualified noncitizens as described in paragraph (d) are only eligible for medical assistance without federal financial participation for five years from their date of entry into the United States.~~

~~(k) The commissioner shall submit to the legislature by December 31, 1998, a report on the number of recipients and cost of coverage of care and services made according to paragraphs (i) and (j).~~

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 21. Minnesota Statutes 2002, section 256B.06, subdivision 5, is amended to read:

Subd. 5. [DEEMING OF SPONSOR INCOME AND RESOURCES.] When determining eligibility for any ~~federal or state funded~~ medical assistance under this section, the income and resources of all noncitizens shall be deemed to include their sponsors' income and resources as required under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, title IV, Public Law ~~Number~~ 104-193, sections 421 and 422, and subsequently set out in federal rules. This section is effective May 1, 1997.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 22. Minnesota Statutes 2002, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents.

The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics, except that medically necessary anorectics shall be covered for a recipient previously diagnosed as having pickwickian syndrome and currently diagnosed as having diabetes and being morbidly obese;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations. An honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the nine percent deduction. For the period March 1, 2003, through June 30, 2003, the commissioner shall estimate the actual acquisition cost of a drug at average wholesale price minus 12.6 percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the 12.6 percent deduction. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. ~~The commissioner shall set maximum allowable costs for multisource drugs that are not on the federal upper limit list as described in United States Code, title 42, chapter 7, section 1396r-8(e), the Social Security Act, and Code of Federal Regulations, title 42, part 447, section 447.332.~~ Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost

of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

~~(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs for which there are two or more drug products, which:~~

~~(1) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";~~

~~(2) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and~~

~~(3) are sold or marketed in Minnesota.~~

~~"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration.~~

~~(e)~~ The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria and on cost before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days;

(3) the drug formulary committee must consider data from the state Medicaid program if such data is available; and

(4) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and on program costs, and information regarding whether the drug is subject to clinical abuse or misuse.

Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. If prior authorization of a drug is required by the commissioner, the commissioner must provide a 30-day notice period before implementing the prior authorization. If a prior authorization request is denied by the department, the recipient may appeal the denial in accordance with section 256.045. If an appeal is filed, the drug must be provided without prior authorization until a decision is made on the appeal.

~~(e)~~ (e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider; the average wholesale price minus five percent; or the maximum allowable cost set by the federal government under United States Code, title 42, chapter 7, section 1396r-8(e), and Code of Federal Regulations, title 42, section 447.332, or by the commissioner under paragraph (c).

~~(g)~~ (f) Prior authorization shall not be required or utilized for any antipsychotic drug prescribed for the treatment of mental illness where there is no generically equivalent drug available unless the commissioner determines that prior authorization is necessary for patient safety. This paragraph applies to any supplemental drug rebate program established or administered by the commissioner.

~~(h)~~ (g) Prior authorization shall not be required or utilized for any antihemophilic factor drug prescribed for the treatment of hemophilia and blood disorders where there is no generically equivalent drug available unless the commissioner determines that prior authorization is necessary for patient safety. This paragraph applies to any supplemental drug rebate program established or administered by the commissioner. This paragraph expires July 1, 2003.

[EFFECTIVE DATE.] This section is effective March 1, 2003.

Sec. 23. Minnesota Statutes 2002, section 256B.0625, is amended by adding a subdivision to read:

Subd. 13c. [CO-PAYMENT FOR PRESCRIPTION DRUGS.] (a) Except as provided under paragraph (d), the commissioner shall require a recipient to make a co-payment of \$1 for each noninnovator multiple source drug and \$3 for each single source drug or innovator multiple source drug dispensed on or after March 1, 2003. The total of co-payments for each enrollee shall not exceed \$20 per month. The commissioner shall reduce reimbursement rates to pharmacies for each prescription by the amount of the co-payment. A pharmacy shall not waive a co-payment obligation and a pharmacy provider or supplier, including a pharmaceutical manufacturer, or a representative, employee, independent contractor, or agent of a pharmaceutical manufacturer, shall not make a co-payment for a recipient. A parent or guardian shall be responsible for a co-payment imposed on a dependent child under the age of 21.

(b) A pharmacy shall not refuse to provide a prescription drug to a recipient if the recipient is unable to provide the required co-payment. This provision does not relieve a recipient of an obligation to provide a co-payment and does not prevent a pharmacy from attempting to collect a co-payment.

(c) If it is the routine business practice of a pharmacy to refuse service to an individual with uncollected debt, the pharmacy may include uncollected co-payments under this practice. A pharmacy must give advanced notice to a recipient with uncollected debt before services can be denied.

(d) Co-payments shall not be required for prescription drugs provided to children under age 18; pregnant women; individuals residing for more than 30 days in a medical institution who contribute all of their income to the cost of care, except for a personal needs allowance; and categorically needy individuals receiving services through a prepaid health plan. Co-payments shall not be required for prescriptions provided as part of an emergency health care service or a family planning service.

[EFFECTIVE DATE.] This section is effective March 1, 2003.

Sec. 24. Minnesota Statutes 2002, section 256B.0635, subdivision 1, is amended to read:

Subdivision 1. [INCREASED EMPLOYMENT.] (a) Until June 30, 2002, medical assistance may be paid for persons who received MFIP or medical assistance for families and children in at least three of six months preceding the month in which the person became ineligible for MFIP or medical assistance, if the ineligibility was due to an increase in hours of employment or employment income or due to the loss of an earned income disregard. In addition, to receive continued assistance under this section, persons who received medical assistance for families and children but did not receive MFIP must have had income less than or equal to the assistance standard for their family size under the state's AFDC plan in effect as of July 16, 1996, increased by three percent effective July 1, 2000, at the time medical assistance eligibility began. A person who is eligible for extended medical assistance is entitled to six months of assistance without reapplication, unless the assistance unit ceases to include a dependent child. For a person under 21 years of age, medical assistance may not be discontinued within the six-month period of extended eligibility until it has been determined that the person is not otherwise eligible for medical assistance. Medical assistance may be continued for an additional six months if the person meets all requirements for the additional six months, according to title XIX of the Social Security Act, as amended by section 303 of the Family Support Act of 1988, Public Law ~~Number~~ 100-485.

(b) Beginning ~~July 1, 2002~~ April 1, 2003, medical assistance for families and children may be paid for persons who were eligible under section 256B.055, subdivision 3a, and had income less than or equal to the assistance standard for their family size under the state's AFDC plan in effect as of July 16, 1996, increased by three percent effective July 1, 2000, in at least three of six months preceding the month in which the person became ineligible under that section if the ineligibility was due to an increase in hours of employment or employment income or due to the loss of an earned income disregard. A person who is eligible for extended medical assistance is entitled to six months of assistance without reapplication, unless the assistance unit ceases to include a dependent child, except medical assistance may not be discontinued for that dependent child under 21 years of age within the six-month period of extended eligibility until it has been determined that the person is not otherwise eligible for medical assistance. Medical assistance may be continued for an additional six months if the person meets all requirements for the additional six months, according to title XIX of the Social Security Act, as amended by section 303 of the Family Support Act of 1988, Public Law ~~Number~~ 100-485.

[EFFECTIVE DATE.] This section is effective April 1, 2003, and applies to persons whose eligibility for extended medical assistance is established on or after that date.

Sec. 25. Minnesota Statutes 2002, section 256B.0635, subdivision 2, is amended to read:

Subd. 2. [INCREASED CHILD OR SPOUSAL SUPPORT.] (a) Until June 30, 2002, medical assistance may be paid for persons who received MFIP or medical assistance for families and children in at least three of the six months preceding the month in which the person became ineligible for MFIP or medical assistance, if the ineligibility was the result of the collection of child or spousal support under part D of title IV of the Social Security Act. In addition, to receive continued assistance under this section, persons who received medical assistance for families and children but did not receive MFIP must have had income less than or equal to the assistance standard for their family size under the state's AFDC plan in effect as of July 16, 1996, increased by three percent effective July 1, 2000, at the time medical assistance eligibility began. A person who is eligible for extended medical assistance under this subdivision is entitled to four months of assistance without reapplication, unless the assistance unit ceases to include a dependent child, except medical assistance may not be discontinued for that dependent child under 21 years of age within the four-month period of extended eligibility until it has been determined that the person is not otherwise eligible for medical assistance.

(b) Beginning ~~July 1, 2002~~ April 1, 2003, medical assistance for families and children may be paid for persons who were eligible under section 256B.055, subdivision 3a, and had income less than or equal to the assistance standard for their family size under the state's AFDC plan in effect as of July 16, 1996, increased by three percent effective July 1, 2000, at the time medical assistance eligibility began, and in at least three of the six months preceding the month in which the person became ineligible under that section if the ineligibility was the result of the collection of child or spousal support under part D of title IV of the Social Security Act. A person who is eligible for extended medical assistance under this subdivision is entitled to four months of assistance without reapplication, unless the assistance unit ceases to include a dependent child, except medical assistance may not be discontinued for that dependent child under 21 years of age within the four-month period of extended eligibility until it has been determined that the person is not otherwise eligible for medical assistance.

[EFFECTIVE DATE.] This section is effective April 1, 2003, and applies to persons whose eligibility for extended medical assistance is established on or after that date.

Sec. 26. Minnesota Statutes 2002, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. [PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.] (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater,

Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

(d) Beginning in 2003, in addition to any transfer under paragraphs (b) and (c), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$2,230. The provisions of paragraph (b) apply to transfers under this paragraph.

~~(e) The commissioner may reduce the intergovernmental transfers under paragraph paragraphs (c) and (d) based on the commissioner's determination of the payment rate in section 256B.431, subdivision 23, paragraphs (c) and (d), and (e). Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c) and (d), and (e).~~

[EFFECTIVE DATE.] This section is effective February 28, 2003.

Sec. 27. Minnesota Statutes 2002, section 256B.195, subdivision 4, is amended to read:

Subd. 4. [ADJUSTMENTS PERMITTED.] (a) The commissioner may adjust the intergovernmental transfers under subdivision 2 and the payments under subdivision 3, ~~and payments and transfers under subdivision 5,~~ based on the commissioner's determination of Medicare upper payment limits, hospital-specific charge limits, and hospital-specific limitations on disproportionate share payments. Any adjustments must be made on a proportional basis. If participation by a particular hospital under this section is limited, the commissioner shall adjust the payments that relate to that hospital under subdivisions 2, ~~and 3, and 5~~ on a proportional basis in order to allow the hospital to participate under this section to the fullest extent possible and shall increase other payments under subdivisions 2, ~~and 3, and 5~~ to the extent allowable to maintain the overall level of payments under this section. The commissioner may make adjustments under this subdivision only after consultation with the counties and hospitals identified in subdivisions 2 and 3, ~~and, if subdivision 5 receives federal approval, with the hospital and educational institution identified in subdivision 5.~~

(b) The ratio of medical assistance payments specified in subdivision 3 to the intergovernmental transfers specified in subdivision 2 shall not be reduced except as provided under paragraph (a).

(c) The increase in intergovernmental transfers and payments that result from section 256.969, subdivision 3a, paragraph (c), shall be paid to the general fund.

Sec. 28. Minnesota Statutes 2002, section 256B.32, subdivision 1, is amended to read:

Subdivision 1. [FACILITY FEE PAYMENT.] (a) The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism may not result in an overall increase in

outpatient payment rates. This section does not apply to federally mandated maximum payment limits, department approved program packages, or services billed using a nonoutpatient hospital provider number.

(b) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rates.

(c) For fee-for-service services provided on or after March 1, 2003, the total payment before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 29. Minnesota Statutes 2002, section 256B.431, subdivision 23, is amended to read:

Subd. 23. [COUNTY NURSING HOME PAYMENT ADJUSTMENTS.] (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, on that date, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility ~~as of September 30, 1994~~ on that date.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

(d) Beginning in 2003, in addition to any payment under paragraphs (a) and (c), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$6.11 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

~~(e) The commissioner may reduce payments under paragraph paragraphs (c) and (d) based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph (d) (e).~~

[EFFECTIVE DATE.] This section is effective February 28, 2003.

Sec. 30. Minnesota Statutes 2002, section 256B.431, is amended by adding a subdivision to read:

Subd. 38. [NURSING HOME RATE INCREASES EFFECTIVE IN FISCAL YEAR 2003.] Effective the first day of the month after notice is published in the State Register, the commissioner shall provide to each nursing home reimbursed under this section or section 256B.434, an increase in each case mix payment rate equal to the increase in the per-bed surcharge paid under section 256.9657, subdivision 1, paragraph (d), divided by 365 and further divided by .80. The increase shall not be subject to any annual percentage increase. The 30-day advance notice requirement in section 256B.47, subdivision 2, shall not apply to rate increases resulting from this section.

[EFFECTIVE DATE.] This section is effective February 28, 2003.

Sec. 31. Minnesota Statutes 2002, section 256B.75, is amended to read:

256B.75 [HOSPITAL OUTPATIENT REIMBURSEMENT.]

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (11), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) For fee-for-service services provided on or after March 1, 2003, the total payment before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 32. Minnesota Statutes 2002, section 256J.08, subdivision 85, is amended to read:

Subd. 85. [TRANSITIONAL STANDARD.] "Transitional standard" means the basic standard for a family with no other income or a nonworking family and is a combination of the cash assistance needs and food assistance needs for a family of that size. This standard shall represent only the cash portion of MFIP when an assistance unit member is ineligible for federal food benefits due to citizenship status.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 33. Minnesota Statutes 2002, section 256J.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL CITIZENSHIP REQUIREMENTS.] (a) To be eligible for MFIP, a member of the assistance unit must be a citizen of the United States, or a qualified noncitizen as defined in section 256J.08, ~~or a noncitizen who is otherwise residing lawfully in the United States.~~

(b) A qualified noncitizen who entered the United States on or after August 22, 1996, is eligible for MFIP. ~~However, TANF dollars cannot be used to fund the MFIP benefits for an individual under this paragraph for a period of five years after the date of entry unless~~ if the qualified noncitizen meets one of the following criteria:

(1) was admitted to the United States as a refugee under United States Code, title 8, section 1157;

(2) was granted asylum under United States Code, title 8, section 1158;

(3) was granted withholding of deportation under the United States Code, title 8, section 1253(h);

(4) is a veteran of the United States Armed Forces with an honorable discharge for a reason other than noncitizen status, or is a spouse or unmarried minor dependent child of the same; or

(5) is an individual on active duty in the United States Armed Forces, other than for training, or is a spouse or unmarried minor dependent child of the same.

~~(c) A person who is not a qualified noncitizen but who is otherwise residing lawfully in the United States is eligible for MFIP. However, TANF dollars cannot be used to fund the MFIP benefits for an individual under this paragraph.~~

~~(d) For purposes of this subdivision, a nonimmigrant in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), or an undocumented immigrant who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service, is not eligible for MFIP.~~

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 34. Minnesota Statutes 2002, section 256J.48, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY FINANCIAL ASSISTANCE.] County human service agencies shall grant emergency financial assistance to any needy pregnant woman or needy family with a child under the age of 21 who is or was within six months prior to application living with an eligible caregiver relative specified in section 256J.08.

Except for ongoing special diets, emergency assistance is available to a family during one 30-day period in a consecutive ~~12-month~~ 18-month period. A county shall issue assistance for needs that accrue before that 30-day period only when it is necessary to resolve emergencies arising or continuing during the 30-day period of eligibility. When emergency needs continue, a county may issue assistance for up to 30 days beyond the initial 30-day period of eligibility, but only when assistance is authorized during the initial period.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 35. Minnesota Statutes 2002, section 256J.52, subdivision 2, is amended to read:

Subd. 2. [INITIAL ASSESSMENT.] (a) The job counselor must, with the cooperation of the participant, assess the participant's ability to obtain and retain employment. This initial assessment must include a review of the participant's education level, prior employment or work experience, transferable work skills, and existing job markets.

(b) In assessing the participant, the job counselor must determine if the participant needs refresher courses for professional certification or licensure, in which case, the job search plan under subdivision 3 must include the courses necessary to obtain the certification or licensure, in addition to other work activities, provided the combination of the courses and other work activities are at least for 40 hours per week.

(c) If a participant can demonstrate to the satisfaction of the county agency that lack of proficiency in English is a barrier to obtaining suitable employment, the job counselor must include participation in an intensive English as a second language program if available or otherwise a regular English as a second language program in the individual's employment plan under subdivision 5. Lack of proficiency in English is not necessarily a barrier to employment.

(d) The job counselor may approve an education or training plan, and postpone the job search requirement, if the participant has a proposal for an education program which:

(1) can be completed within ~~24~~ 12 months; and

(2) meets the criteria of section 256J.53, subdivisions 1, 2, 3, and 5.

(e) A participant who, at the time of the initial assessment, presents a plan that includes farming as a self-employed work activity must have an employment plan developed under subdivision 5 that includes the farming as an approved work activity.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 36. Minnesota Statutes 2002, section 256J.53, subdivision 1, is amended to read:

Subdivision 1. [LENGTH OF PROGRAM.] In order for a post-secondary education or training program to be approved work activity as defined in section 256J.49, subdivision 13, clause (18), it must be a program lasting ~~24~~ 12 months or less, and the participant must meet the requirements of subdivisions 2 and 3. Participants who have an approved education plan in place as of April 1, 2003, that allows 24 months of postsecondary education or training shall be allowed to complete that plan provided that the conditions specified in subdivisions 2 and 3 continue to be met.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 37. Minnesota Statutes 2002, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than 175 percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than 175 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases

above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

~~(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a \$500 deductible available through the Minnesota comprehensive health association.~~ Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given ~~an 18-month~~ a six-month notice period from the date that ineligibility is determined before disenrollment.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 38. Minnesota Statutes 2002, section 256L.17, subdivision 2, is amended to read:

Subd. 2. **[LIMIT ON TOTAL ASSETS.]** ~~(a)~~ Effective July 1, 2002, or upon federal approval, whichever is later, in order to be eligible for the MinnesotaCare program, a household of two or more persons must not own more than \$30,000 in total net assets, and a household of one person must not own more than \$15,000 in total net assets.

~~(b) For purposes of this subdivision, assets are determined according to section 256B.056, subdivision 3e. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The value of assets that are not considered in determining eligibility is the value of those assets excluded under the AFDC state plan as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, with the following exceptions:~~

- (1) household goods and personal effects are not considered;
- (2) capital and operating assets of a trade or business up to \$200,000 are not considered;
- (3) one motor vehicle is excluded for each person of legal driving age who is employed or seeking employment;
- (4) one burial plot and all other burial expenses equal to the supplemental security income program asset limit are not considered for each individual;
- (5) court-ordered settlements up to \$10,000 are not considered;
- (6) individual retirement accounts and funds are not considered; and
- (7) assets owned by children are not considered.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 39. Laws 1997, chapter 203, article 9, section 21, as amended by Laws 1998, chapter 407, article 6, section 111, Laws 2000, chapter 488, article 10, section 28, and Laws 2001, First Special Session chapter 9, article 10, section 62, is amended to read:

Sec. 21. [INELIGIBILITY FOR STATE FUNDED PROGRAMS.]

(a) Effective on the date specified, the following persons will be ineligible for general assistance and general assistance medical care under Minnesota Statutes, chapter 256D, group residential housing under Minnesota Statutes, chapter 256I, and MFIP assistance under Minnesota Statutes, chapter 256J, funded with state money:

(1) Beginning July 1, 2002, persons who are terminated from or denied Supplemental Security Income due to the 1996 changes in the federal law making persons whose alcohol or drug addiction is a material factor contributing to the person's disability ineligible for Supplemental Security Income, and are eligible for general assistance under Minnesota Statutes, section 256D.05, subdivision 1, paragraph (a), clause (15), general assistance medical care under Minnesota Statutes, chapter 256D, or group residential housing under Minnesota Statutes, chapter 256I; and

(2) Beginning July 1, 2002, legal noncitizens who are ineligible for Supplemental Security Income due to the 1996 changes in federal law making certain noncitizens ineligible for these programs due to their noncitizen status; and

~~(3) Beginning July 1, 2003, legal noncitizens who are eligible for MFIP assistance, either the cash assistance portion or the food assistance portion, funded entirely with state money.~~

(b) State money that remains unspent due to changes in federal law enacted after May 12, 1997, that reduce state spending for legal noncitizens or for persons whose alcohol or drug addiction is a material factor contributing to the person's disability, or enacted after February 1, 1998, that reduce state spending for food benefits for legal noncitizens shall not cancel and shall be deposited in the TANF reserve account.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 40. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 11, as amended by Laws 2002, chapter 220, article 2, section 6, is amended to read:

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

\$1,865,000	2002
\$1,365,000 <u>\$1,340,000</u>	2003

Beginning in fiscal year 2004, the base is ~~\$1,365,000~~ \$1,340,000 from the general fund.

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

Sec. 41. Laws 2001, First Special Session chapter 9, article 2, section 31, the effective date, is amended to read:

[EFFECTIVE DATE.] This section is effective ~~January~~ July 1, 2003.

Sec. 42. [CHILD CARE ASSISTANCE PARENT FEE SCHEDULE.]

The commissioner shall amend the parent fee schedule in Minnesota Rules, chapter 3400, to do the following:

(1) parent fees for families with incomes between 100.01 percent and 135 percent of the federal poverty guidelines must equal 2.42 percent of adjusted gross income for families at 135 percent of the federal poverty guidelines;

(2) parent fees for families with incomes between 135.01 percent and 165 percent of the federal poverty guidelines must equal three percent of adjusted gross income for families at 165 percent of the federal poverty guidelines;

(3) parent fees for families with incomes between 165.01 percent and 250 percent of the federal poverty guidelines must begin at 4.15 percent of the adjusted gross income and provide for graduated movement of fee increases; and

(4) parent fees for families at 250 percent of the federal poverty guidelines must equal 15 percent of gross annual income.

[EFFECTIVE DATE.] This section is effective April 1, 2003.

Sec. 43. [DIRECTION TO THE COMMISSIONER.]

By April 1, 2003, the commissioner of human services shall propose revisions to the standards listed under Minnesota Statutes, section 256J.24, subdivision 5, with an additional scale of standards for assistance units that contain one or more persons ineligible for federal food benefits due to citizenship status.

Sec. 44. [REPEALER.]

Subdivision 1. [HOME-SHARING GRANT PROGRAM; FAIRVIEW UNIVERSITY MEDICAL CENTER.] Minnesota Statutes 2002, sections 256.973; and 256B.195, subdivision 5, are repealed effective July 1, 2003.

Subd. 2. [MINNESOTA FOOD ASSISTANCE PROGRAM.] Minnesota Statutes 2002, section 256D.053, is repealed effective April 1, 2003.

Subd. 3. [MFIP NONCITIZENS; FOOD PORTION; STATE FUNDING.] Minnesota Statutes 2002, section 256J.11, subdivisions 2 and 3, are repealed effective April 1, 2003.

Subd. 4. [PARENT FEE SCHEDULE.] Laws 1999, chapter 205, article 1, section 63, is repealed effective April 1, 2003.

Subd. 5. [MEDICAL ASSISTANCE INCOME DISREGARD FOR FAMILIES.] Minnesota Statutes 2002, section 256B.056, subdivision 1c, is repealed effective April 1, 2003.

Subd. 6. [MEDICAL ASSISTANCE ASSET LIMIT FOR FAMILIES.] Minnesota Statutes 2002, section 256B.056, subdivision 3c, is repealed effective April 1, 2003.

Sec. 45. [EFFECTIVE DATE.]

Sections 1 to 44 are effective the day following final enactment unless otherwise specified.

ARTICLE 4

ENVIRONMENT AND AGRICULTURE

Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, as amended, to the specified agencies. The appropriations or reductions are from the general fund or other named fund for the fiscal year ending June 30, 2003.

2003

SUMMARY BY FUND

General	\$(7,151,000)
Solid Waste	750,000
TOTAL APPROPRIATION CHANGE	\$(6,401,000)

APPROPRIATION CHANGE

Sec. 2. POLLUTION CONTROL AGENCY

Subdivision 1. Total Reduction (357,000)

Summary by Fund

General	(1,107,000)
Solid Waste	750,000

The transfers and reductions from the amounts appropriated in Laws 2001, First Special Session chapter 2, section 2, are specified in subdivisions 2 to 4.

Subd. 2. Water Programs

(685,000)

\$200,000 of this amount is from the appropriation in Laws 2001, First Special Session chapter 2, section 2, subdivision 2, for individual sewage treatment system grants. This is a onetime only reduction.

\$17,000 is from the amount appropriated in Laws 2001, First Special Session chapter 2, section 2, subdivision 2, for individual sewage treatment system administration that is transferred to the board of water and soil resources.

\$468,000 is from that portion of grants appropriated in Laws 2001, First Special Session chapter 2, section 2, subdivision 2, for county administration of the feedlot permit program that is transferred to the board of water and soil resources.

Subd. 3. Administrative Support

750,000

By June 30, 2003, the commissioner shall transfer this amount from the solid waste fund to the debt service account in the general fund for the payment of debt service on closed landfill program bonds. This amount is a base change for fiscal year 2004 and each year thereafter.

APPROPRIATION CHANGE

Subd. 4. Agencywide Reductions

(422,000)

This amount is a base change for fiscal year 2004 and each year thereafter.

Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE

(409,000)

This reduction is from the amount appropriated in Laws 2001, First Special Session chapter 2, section 3.

Of this amount, \$210,000 is from the competitive grant program, and \$199,000 is from administration.

Of this amount, \$199,000 is a base change for fiscal year 2004 and each year thereafter.

Sec. 4. ZOOLOGICAL BOARD

(270,000)

This reduction is from the amount appropriated in Laws 2001, First Special Session chapter 2, section 4. This reduction is a permanent base change.

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Reduction

(3,997,000)

This reduction is from the amounts appropriated in Laws 2001, First Special Session chapter 2, section 5.

Of this amount, \$3,819,000 is a base reduction for fiscal year 2004 and each year thereafter.

Subd. 2. Land and Mineral Resources Management

(257,000)

Subd. 3. Water Resources Management

(431,000)

Of this amount, \$25,000 is from the appropriation for activities associated with the Red River mediation agreement.

Subd. 4. Forest Management

(1,337,000)

Subd. 5. Parks and Recreation Management

(859,000)

APPROPRIATION CHANGE

The parks working capital account must be used to maintain camping facilities at the level currently planned for the fiscal year ending June 30, 2003.

Subd. 6. Trails and Waterways Management

(70,000)

Of this amount, \$6,657 is from the balance of the appropriation made in Laws 1997, chapter 216, section 5, subdivision 6, for the Taconite Harbor safe harbor project.

Subd. 7. Fish Management

(1,000)

Subd. 8. Wildlife Management

(44,000)

Of this amount, \$22,000 is a reduction from the appropriation for prescribed burning of grassland, wetland, and forest habitats, and \$22,000 is a reduction from the appropriation for the shearing and burning of brushland habitat.

Subd. 9. Ecological Services

(137,000)

Subd. 10. Enforcement

(110,000)

Subd. 11. Operations Support

(751,000)

Of this amount, \$171,000 is a reduction in the appropriation for local government units and organizations to acquire and develop natural areas and greenways.

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

(1,368,000)

This reduction is from the amounts appropriated in Laws 2001, First Special Session chapter 2, section 6.

Of this amount, \$250,000 is from grants for the cost-share program, and \$300,000 is from the Red River set-aside program. These reductions are onetime only.

Of this amount, \$688,000 is from the appropriation made in Laws 2001, First Special Session chapter 2, section 6, for natural resources block grants to local governments. This reduction is onetime only.

Sec. 7. [TRANSFER AND APPROPRIATION REDUCTION.]

Subdivision 1. [TRANSFER.] The commissioner of the pollution control agency shall transfer \$11,000,000 from the unreserved balance of the solid waste fund to the commissioner of finance for cancellation to the general fund.

Subd. 2. [APPROPRIATION REDUCTION.] After consultation with the chair of the legislative commission on Minnesota resources, the commissioner of finance shall reduce \$2,400,000 from appropriations in the future resources fund in accordance with Minnesota Statutes, section 16A.152, subdivision 4, paragraph (c).

Subd. 3. [AUTHORIZATION FOR TRUST FUND TRANSFER.] The legislative commission on Minnesota resources may authorize up to \$2,400,000 from environment and natural resources trust fund appropriations for the biennium ending June 30, 2003, to replace future resources fund appropriation reductions for projects under subdivision 2. If authorized by the commission, the chair must notify the commissioner of finance with sufficient project detail so that the commissioner can transfer the money from the environment and natural resources trust fund.

Sec. 8. Minnesota Statutes 2002, section 115A.908, subdivision 2, is amended to read:

Subd. 2. [DEPOSIT OF REVENUE.] (a) From March 1, 2003, through June 30, 2007, revenue collected shall be credited to the general fund.

(b) After June 30, 2007, revenue collected shall be credited to the motor vehicle transfer account in the environmental fund. As cash flow permits, the commissioner of finance must transfer (1) \$3,200,000 each fiscal year from the motor vehicle transfer account to the environmental response, compensation, and compliance account established in section 115B.20; and (2) \$1,200,000 each fiscal year from the motor vehicle transfer account to the general fund.

Sec. 9. Minnesota Statutes 2002, section 116P.05, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) The commission shall recommend a budget plan for expenditures from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) After June 30, 2007, the commission shall recommend expenditures to the legislature from the Minnesota future resources fund under section 116P.13.

(c) It is a condition of acceptance of the appropriations made from the Minnesota future resources fund, Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided may be spent unless the commission has approved the pertinent work program.

(d) The peer review panel created under section 116P.08 must also review, comment, and report to the commission on research proposals applying for an appropriation from the Minnesota resources fund and from oil overcharge money under section 4.071, subdivision 2.

(e) The commission may adopt operating procedures to fulfill its duties under sections 116P.01 to 116P.13.

Sec. 10. Minnesota Statutes 2002, section 297F.10, subdivision 1, is amended to read:

Subdivision 1. [TAX AND USE TAX ON CIGARETTES.] Revenue received from cigarette taxes, as well as related penalties, interest, license fees, and miscellaneous sources of revenue shall be deposited by the commissioner in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) after the requirements of paragraph (a) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the general fund from March 1, 2003, through June 30, 2007, and credited to the Minnesota future resources fund after June 30, 2007; and

(2) the balance of the revenues derived from taxes, penalties, and interest (under this chapter) and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment. Sections 7 to 9 are effective March 1, 2003. Section 10 is effective for all revenues received after February 28, 2003.

ARTICLE 5

ECONOMIC DEVELOPMENT

Section 1. [ECONOMIC DEVELOPMENT REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 4 or 10, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003. The reductions are permanent adjustments to the base funding of the affected agencies and programs except as otherwise stated.

	2003
TRANSFERS FROM OTHER FUNDS	\$64,000,000
APPROPRIATION REDUCTIONS	(9,691,000)
	APPROPRIATION CHANGE
Sec. 2. TRADE AND ECONOMIC DEVELOPMENT	(4,217,000)

Of this amount, \$1,323,964 is from the appropriation made in Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 2, for contaminated site grants.

Of this amount, \$35,000 is from the appropriation made in Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 2, for a onetime grant for a pilot project incubated by Blue Earth county named the Rural Advanced Business Facilitation Program. This is a onetime reduction.

APPROPRIATION CHANGE

Of this amount, \$700,000 is from the appropriation made in Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 2, for Minnesota investment fund grants.

Of this amount, \$1,000,000 is from the appropriation made in Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 4, for the job skills partnership and pathways programs.

Of this amount, \$480,000 is from the appropriation made in Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 5, for grants to the Minnesota Film Board for a film production jobs fund to stimulate film production in Minnesota.

Sec. 3. MINNESOTA TECHNOLOGY, INC. (730,000)

Sec. 4. ECONOMIC SECURITY (65,000)

Of this amount, \$189,000 is a reduction to the agency's base funding. This reduction must be taken from agency operations other than the workforce services for the blind division.

Of this amount, \$124,000 is an increase in the funding for the workforce services for the blind division. None of this increase may be used to resume operations of the store previously operated by the division. The base funding for workforce services for the blind in the 2004-2005 biennium shall be \$5,038,000 each year.

To the extent that any reductions reflected in the department would violate federal requirements regarding maintenance of effort, the commissioner is authorized to exempt from reduction the affected programs to the extent required to comply with federal regulations. The commissioner shall realize the reductions that would otherwise apply from programs and administrative costs funded with general fund dollars that do not have maintenance of effort requirements.

Sec. 5. HOUSING FINANCE AGENCY (2,205,000)

Sec. 6. COMMERCE (684,000)

Of this amount, \$250,000 is from the fiscal year 2003 appropriation made in Laws 2002, chapter 378, section 3, for a school employee insurance plan study. The budget base for that study for fiscal year 2004 is reduced by \$400,000. These reductions are for fiscal years 2003 and 2004 only.

Sec. 7. LABOR AND INDUSTRY (118,000)

Sec. 8. BUREAU OF MEDIATION SERVICES (122,000)

Of this amount, \$47,000 is from labor-management cooperation grants made to area labor-management committees.

APPROPRIATION CHANGE

Sec. 9. MINNESOTA HISTORICAL SOCIETY	(1,066,000)
Sec. 10. COUNCIL ON BLACK MINNESOTANS	(13,000)
Sec. 11. COUNCIL ON CHICANO-LATINO AFFAIRS	(13,000)
Sec. 12. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	(11,000)
Sec. 13. INDIAN AFFAIRS COUNCIL	(23,000)
Sec. 14. BOARD OF THE ARTS	(384,000)

Of this amount, \$344,000 is from the appropriation made in Laws 2001, First Special Session chapter 10, article 1, section 24, subdivision 3, for grants programs.

Sec. 15. HUMANITIES COMMISSION	(40,000)
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Sec. 16. Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended by Laws 2002, chapter 374, article 8, section 6, is amended to read:

Subd. 2. [SPECIAL COMPENSATION FUND.] After June 1, 2003, but no later than June 30, 2003, the commissioner of finance shall transfer ~~\$250,000,000~~ \$265,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

Sec. 17. [MINNESOTA MINERALS 21ST CENTURY FUND.]

By June 30, 2003, the commissioner of finance shall transfer \$49,000,000 from the Minnesota minerals 21st century fund established under Minnesota Statutes, section 116J.423, to the commissioner of finance for cancellation to the general fund.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 17 are effective the day following final enactment, unless otherwise specified.

ARTICLE 6

TRANSPORTATION

Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

The dollar amounts in the columns marked "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations for the fiscal year ending June 30, 2003, in Laws 2001, First Special Session chapter 8 or 9, or other law, to the specified agencies. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose.

	2003
APPROPRIATION REDUCTIONS - GENERAL FUND	(2,615,000)
CANCELLATIONS - GENERAL FUND	(130,000,000)

TRUNK HIGHWAY BOND PROCEEDS ACCOUNT - TRUNK HIGHWAY FUND	130,130,000
TRANSFERS FROM OTHER FUNDS	15,000,000
	APPROPRIATION CHANGE

Sec. 2. TRANSPORTATION

Subdivision 1. Total Appropriation Changes

Summary by Fund

General Fund - Cancellations	(130,000,000)
Trunk Highway Fund	131,500,000
Transfers From Other Funds	15,000,000

Subd. 2. Aeronautics

By June 30, 2003, the commissioner of finance shall transfer \$15,000,000 of the cash balance in the state airports fund to the general fund.

Subd. 3. Transit Administration

The agency's trunk highway fund budget base for this activity is reduced by \$50,000 for each year of the 2004-2005 fiscal biennium.

Subd. 4. Motor Carrier Regulation

The agency's trunk highway fund budget base for this program is reduced by \$250,000 for each year of the 2004-2005 fiscal biennium.

Subd. 5. State Roads

(a) State Road Construction	130,000,000
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This appropriation is from the trunk highway bond proceeds account in the trunk highway fund and is for the purposes of Laws 2000, chapter 479, article 1, section 2, subdivision 3. This appropriation is available until spent.

Of the general fund appropriation in Laws 2000, chapter 479, article 1, section 2, subdivision 3, \$130,000,000 cancels to the general fund.

APPROPRIATION CHANGE

(b) Central Engineering Services

The agency's trunk highway fund budget base for this program is reduced by \$1,200,000 for each year of the 2004-2005 fiscal biennium.

(c) Design and Construction Engineering

The agency's trunk highway fund budget base for this program is reduced by \$600,000 for each year of the 2004-2005 fiscal biennium.

(d) State Road Operations

The agency's trunk highway fund budget base for this program is reduced by \$3,500,000 for each year of the 2004-2005 fiscal biennium.

Of this reduction \$1,000,000 each year must come from reduction of the highway helper program.

Of this reduction \$500,000 each year must come from reduction of the transportation worker program.

Subd. 6. General Support

The agency's trunk highway fund budget base for this program is reduced by \$4,000,000 for each year of the 2004-2005 fiscal biennium.

Of this reduction \$2,000,000 each year must come from information technology expenditures.

Sec. 3. METROPOLITAN COUNCIL TRANSIT

(2,615,000)

This reduction reduces the agency's 2004-2005 budget base by \$2,615,000.

Sec. 4. PUBLIC SAFETY

Subdivision 1. Base Reductions

The reductions in this section are from the trunk highway fund.

Subd. 2. Administration and Related Services

APPROPRIATION CHANGE

The agency's trunk highway fund budget base for this program is reduced by \$500,000 for each year of the 2004-2005 fiscal biennium.

Subd. 3. Driver and Vehicle Services

The agency's trunk highway fund budget base is reduced by \$1,000,000 for each year of the 2004-2005 fiscal biennium.

Sec. 5. BOND SALE EXPENSES

130,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the trunk highway bond proceeds account in the trunk highway fund. This appropriation is available until spent.

Sec. 6. [BOND SALE AUTHORIZATION.]

To provide the money appropriated in this act from the trunk highway bond proceeds account, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$130,130,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to the trunk highway bond proceeds account in the trunk highway fund.

Sec. 7. [SALE OF STATE AIRPLANE.]

The commissioner of transportation shall take all necessary steps to sell at the earliest feasible date the airplane described in Laws 1997, chapter 159, article 1, section 2, subdivision 2, paragraph (c). The proceeds from the sale of the airplane must be deposited in the general fund.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment.

ARTICLE 7

CRIMINAL JUSTICE APPROPRIATIONS

Section 1. [APPROPRIATIONS/REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 8 or 9, or other law, as amended by Laws 2002, chapter 220 or 374, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

The appropriation reductions in this article also reduce the corresponding budget base by the same amount in subsequent years unless otherwise indicated.

	APPROPRIATION CHANGE 2003
Sec. 2. SUPREME COURT	(1,732,000)

No portion of this reduction may come from a reduction in spending of funds appropriated to the courts for the Minnesota court information system.

Of this amount, \$442,000 is a reduction in funding for civil legal services.

Sec. 3. COURT OF APPEALS	(321,000)
Sec. 4. DISTRICT COURTS	(3,844,000)
Sec. 5. UNIFORM LAWS COMMISSION	(1,000)
Sec. 6. HUMAN RIGHTS	(146,000)
Sec. 7. BOARD OF PUBLIC DEFENSE	(1,537,000)
Sec. 8. CORRECTIONS	(2,000,000)

To the extent possible, the commissioner of corrections must aim these reductions at juvenile services, community services, and operations support. However, the commissioner may direct the reduction as appropriate to achieve the greatest efficiencies, considering the demands and resources of the entire department.

No portion of this reduction may come from a reduction in spending of funds appropriated to the department for CriMNet.

Sec. 9. PUBLIC SAFETY	(3,425,000)
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To the maximum extent possible, the commissioner must make reductions that do not adversely affect public safety or the ability of the state of Minnesota and local public safety professionals to prepare for and recover from acts of terrorism.

Of this amount, \$2,500,000 is a reduction to CriMNet local planning and implementation grants under Minnesota Statutes, section 299C.65, subdivisions 6 and 7. This is a onetime reduction.

Sec. 10. OMBUDSMAN FOR CORRECTIONS	(33,000)
Sec. 11. SENTENCING GUIDELINES COMMISSION	(17,000)

APPROPRIATION CHANGE

Sec. 12. BOARD OF PRIVATE DETECTIVE AND PROTECTIVE AGENT SERVICES (5,000)

Sec. 13. Minnesota Statutes 2002, section 299A.42, is amended to read:

299A.42 [PUBLIC SAFETY OFFICER'S BENEFIT ACCOUNT.]

The public safety officer's benefit account is created in the state treasury. Money in the account consists of money transferred and appropriated to that account. Money in the account that is not expended in the fiscal year in which it is transferred or appropriated does not revert to the general fund until claims for reimbursement under section 299A.465 that are submitted in that fiscal year are either paid or denied.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 14. Minnesota Statutes 2002, section 299A.44, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT REQUIRED.] (a) On certification to the governor by the commissioner of public safety that a public safety officer employed within this state has been killed in the line of duty, ~~leaving a spouse or one or more eligible dependents,~~ the commissioner of finance shall pay \$100,000 from the public safety officer's benefit account, as follows:

- (1) if there is no dependent child, to the spouse;
- (2) if there is no spouse, to the dependent child or children in equal shares;
- (3) if there are both a spouse and one or more dependent children, one-half to the spouse and one-half to the child or children, in equal shares;
- (4) if there is no surviving spouse or dependent child or children, to the parent or parents dependent for support on the decedent, in equal shares; or
- (5) if there is no surviving spouse, dependent child, or dependent parent, ~~then no payment may be made from the public safety officer's benefit fund~~ to the public safety officer's estate.

(b) If there are both a spouse and one or more dependent children under age 18, the spouse, at the spouse's discretion, may spend a maximum of one-third of a child's share on medical or dental treatment for the child or the child's education. Expenditures under this paragraph on behalf of a child do not diminish the shares of any other children. In addition, a spouse, at the spouse's discretion, may expend money from a child's share to pay state and federal taxes on any interest accrued on the share.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 15. Minnesota Statutes 2002, section 299A.465, subdivision 1, is amended to read:

Subdivision 1. [OFFICER OR FIREFIGHTER DISABLED IN LINE OF DUTY.] (a) This subdivision applies when a peace officer or firefighter suffers a disabling injury ~~that~~ under the following circumstances:

- (1) the injury is physical in nature and results in the officer's or firefighter's retirement or separation from service;

(2) the injury occurs while the officer or firefighter is acting in the course and scope of duties as a peace officer or firefighter; and

(3) the officer or firefighter has been approved to receive the officer's or firefighter's duty-related disability pension.

(b) The officer's or firefighter's employer shall continue to provide health coverage for:

(1) the officer or firefighter; and

(2) the officer's or firefighter's dependents if the officer or firefighter was receiving dependent coverage at the time of the injury under the employer's group health plan.

(c) The employer is responsible for the continued payment of the employer's contribution for coverage of the officer or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must continue for the officer or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or firefighter reaches the age of 65. However, coverage for dependents does not have to be continued after the person is no longer a dependent.

Sec. 16. Minnesota Statutes 2002, section 299A.465, subdivision 4, is amended to read:

Subd. 4. [PUBLIC EMPLOYER REIMBURSEMENT.] The commissioner of public safety must reimburse a public employer subject to this section ~~may annually apply to the commissioner of public safety for reimbursement of~~ for its costs of complying with this section. The commissioner shall provide reimbursement to the public employer out of the public safety officer's benefit account at the close of each fiscal year. If funds in the account are insufficient to cover the total amount of approved claims, the commissioner must prorate reimbursement to each public employer. A public employer that makes a claim for reimbursement under this subdivision must submit the claim to the commissioner within 31 days of the end of the fiscal year in which the expenditure was made.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 17. [PUBLIC EMPLOYER REIMBURSEMENT FOR OFFICER AND FIREFIGHTER HEALTH INSURANCE COVERAGE UNDER MINNESOTA STATUTES, SECTION 299A.465; FISCAL YEAR 2002.]

\$301,000 is appropriated in fiscal year 2003 from the general fund to the commissioner of public safety to reimburse public employers that were denied reimbursement under Minnesota Statutes, section 299A.465, subdivision 4, in fiscal year 2002.

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

Sec. 18. Laws 2001, First Special Session chapter 8, article 4, section 11, as amended by Laws 2002, chapter 220, article 7, section 30, is amended to read:

Sec. 11. BOARD OF PEACE OFFICER STANDARDS
AND TRAINING

4,604,000 ~~4,633,000~~
4,494,000

[PEACE OFFICER TRAINING ACCOUNT.] This appropriation is from the peace officer training account in the special revenue

fund. Any receipts credited to the peace officer training account in the special revenue fund in the first year in excess of \$4,604,000 must be transferred and credited to the general fund. Any receipts credited to the peace officer training account in the special revenue fund in the second year in excess of ~~\$4,633,000~~ \$4,494,000 must be transferred and credited to the general fund.

A \$139,000 reduction in funds available to peace officer standards and training board must be directed to the educational opportunities program.

Sec. 19. [OFFICE ABOLISHED.]

The office of ombudsman for the Minnesota state department of corrections is abolished.

Sec. 20. [FILE AND DATA TRANSFER.]

On June 30, 2003, the corrections ombudsman shall deliver to the Minnesota historical society all files, records, and data under the authority or control of the ombudsman relating to all of the activities and investigations of the office of the corrections ombudsman.

Sec. 21. [REPEALER.]

Minnesota Statutes 2002, sections 241.41; 241.42; 241.43; 241.44; 241.441; and 241.45, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 21 are effective the day following final enactment unless otherwise specified.

ARTICLE 8

STATE GOVERNMENT REDUCTIONS

Section 1. [STATE GOVERNMENT REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE," shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 10, as amended by Laws 2002, chapters 220 and 374, or other law to the specified agencies. The amounts are from the general fund or other named fund. The figure "2003" means that the subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

APPROPRIATION CHANGE

Sec. 2. LEGISLATURE

Subdivision 1. Total Reduction (3,095,000)

Subd. 2. House of Representatives

(640,000)

Subd. 3. Senate

(1,700,000)

Subd. 4. Legislative Coordinating Commission

(755,000)

APPROPRIATION CHANGE

Sec. 3. SECRETARY OF STATE	(164,000)
Sec. 4. GOVERNOR'S OFFICE	(162,000)
Sec. 5. STATE AUDITOR	(390,000)
Sec. 6. ATTORNEY GENERAL	(1,168,000)
Sec. 7. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	(338,000)
Sec. 8. ADMINISTRATION	(1,411,000)
<p>\$2,200,000 of the balance in the facility repair and replacement account in the state government special revenue fund is canceled to the general fund. This is a onetime cancellation.</p> <p>\$950,000 from the voting equipment grant account is canceled to the general fund on a onetime basis.</p> <p>\$300 is a reduction in the appropriation for the state employees' band.</p>	
Sec. 9. FINANCE	(694,000)
Sec. 10. EMPLOYEE RELATIONS	(305,000)
Sec. 11. REVENUE	(1,810,000)
Sec. 12. AMATEUR SPORTS COMMISSION	(25,000)
Sec. 13. MILITARY AFFAIRS	(413,000)
Sec. 14. VETERANS AFFAIRS	(186,000)
Sec. 15. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	(27,000)
Sec. 16. INVESTMENT BOARD	(90,000)
Sec. 17. LAWFUL GAMBLING CONTROL BOARD	(89,000)
Sec. 18. MINNESOTA RACING COMMISSION	(16,000)
Sec. 19. [CANCELLATION.]	

The unspent and unencumbered balance of the appropriation in Laws 1995, chapter 254, article 1, section 13, to the capitol area architectural and planning board for predesign and design of the Korean War veterans' memorial is canceled on a onetime basis.

Sec. 20. [REDUCTIONS TO BASE.]

The reductions in sections 2 to 18 are permanent reductions in the base unless otherwise indicated.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 20 are effective the day following final enactment unless otherwise specified.

ARTICLE 9

TAXES

Section 1. Minnesota Statutes 2002, section 289A.56, subdivision 4, is amended to read:

Subd. 4. [CAPITAL EQUIPMENT AND CERTAIN BUILDING MATERIALS REFUNDS; REFUNDS TO PURCHASERS.] Notwithstanding subdivision 3, for refunds payable under section 297A.75, subdivision 1, ~~clauses (1), (2), (3), and (5),~~ interest is computed from 90 days after the date the refund claim is filed with the commissioner. For refunds payable under section 289A.50, subdivision 2a, interest is computed from the 20th day of the month following the month of the invoice date for the purchase which is the subject of the refund, if the refund claim includes a detailed schedule of purchases made during each of the periods in the claim. If the refund claim submitted does not contain a schedule reflecting purchases made in each period, interest is computed from the date the claim was filed.

[EFFECTIVE DATE.] This section is effective for refund claims filed on or after January 15, 2003.

Sec. 2. Minnesota Statutes 2002, section 297A.75, subdivision 4, is amended to read:

Subd. 4. [INTEREST.] Interest must be paid on the refund under this section at the rate in section 270.76 ~~from the date the refund claim is filed for taxes paid under subdivision 1, clauses (1) to (3), and (5), and from 60 90 days after the date the refund claim is filed with the commissioner for claims filed under subdivision 1, clauses (4), (6), (7), (8), and (9) until the refund is paid.~~

[EFFECTIVE DATE.] This section is effective for refund claims filed on or after January 15, 2003.

ARTICLE 10

CAPITAL PROJECT CANCELLATIONS

Section 1. [CAPITAL PROJECT CANCELLATION REPORT.]

Notwithstanding Minnesota Statutes, section 16A.642, subdivision 1, the general fund appropriations that are unencumbered or otherwise not obligated that are reported by the commissioner of finance in 2003, under section 16A.642, subdivision 1, are canceled February 1, 2003.

Sec. 2. [TRANSPORTATION; PORT DEVELOPMENT ASSISTANCE.]

The unencumbered balance of the appropriation in Laws 2001, First Special Session chapter 8, article 1, section 2, subdivision 4, in the statewide accounting system as of January 23, 2003, to the commissioner of transportation for port development assistance grants, estimated to be \$20,832, is canceled to the general fund.

Sec. 3. [CHILDREN, FAMILIES, AND LEARNING; YOUTH ENRICHMENT GRANTS.]

The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 5, subdivision 7, in the statewide accounting system as of January 23, 2003, to the commissioner of children, families, and learning for youth enrichment grants, estimated to be \$994,504, is canceled to the general fund.

Sec. 4. [ADMINISTRATION.]

Subdivision 1. [BCA HEADQUARTERS.] The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 12, subdivision 6, in the statewide accounting system as of January 23, 2003, to the commissioner of administration for the bureau of criminal apprehension offices and laboratories, estimated to be \$99,788, is canceled to the general fund.

Subd. 2. [PREDESIGN FOR HEALTH AND HUMAN SERVICES FACILITIES.] The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 12, subdivision 9, in the statewide accounting system as of January 23, 2003, to the commissioner of administration for predesign of new facilities for the departments of health and human services, estimated to be \$381, is canceled to the general fund.

Subd. 3. [AGENCY RELOCATION.] (a) The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 12, subdivision 11, in the statewide accounting system as of January 23, 2003, to the commissioner of administration for agency relocation, estimated to be \$53,900, is canceled to the general fund.

(b) The unencumbered balance of the appropriation in Laws 2002, chapter 393, section 13, subdivision 4, in the statewide accounting system as of January 23, 2003, to the commissioner of administration for agency relocation, estimated to be \$1,499,608, is canceled to the general fund.

Subd. 4. [CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD.] The unencumbered balance of the appropriation in Laws 2002, chapter 393, section 14, in the statewide accounting system as of January 23, 2003, to the commissioner of administration for repair and conservation work in areas of the capitol building, estimated to be \$591,614, is canceled to the general fund.

Subd. 5. [MINNEAPOLIS; GUTHRIE THEATER.] The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 14, subdivision 3, vetoed on May 15, 2000, and approved by the legislature overriding the veto on May 17, 2000, as amended by Laws 2002, chapter 393, section 31, subdivision 8, in the statewide accounting system as of January 23, 2003, to the commissioner of administration for a grant to the Minneapolis community development agency for land acquisition for the Guthrie Theater, estimated to be \$2,000,000, is canceled to the general fund.

Sec. 5. [PUBLIC FACILITIES AUTHORITY; WIF.]

The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 22, subdivision 3, as amended by Laws 2000, chapter 499, section 15, Laws 2001, First Special Session chapter 12, section 15, and Laws 2002, chapter 393, section 81, in the statewide accounting system as of January 23, 2003, to the public facilities authority for the wastewater infrastructure fund program, estimated to be \$125,443, is canceled to the general fund.

Sec. 6. [TRADE AND ECONOMIC DEVELOPMENT; REDEVELOPMENT GRANTS.]

The unencumbered balance of the appropriation in Laws 2000, chapter 492, article 1, section 22, subdivision 5, in the statewide accounting system as of January 23, 2003, to the commissioner of trade and economic development

for redevelopment grants under Minnesota Statutes, section 116J.561, estimated to be \$17,824, is canceled to the general fund.

Sec. 7. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 11

STATE GOVERNMENT LANGUAGE

Section 1. Minnesota Statutes 2002, section 16A.17, is amended by adding a subdivision to read:

Subd. 10. [DIRECT DEPOSIT.] Notwithstanding section 177.23, the commissioner may require direct deposit for all state employees who are being paid by the state payroll system.

Sec. 2. Minnesota Statutes 2002, section 16B.47, is amended to read:

16B.47 [MICROGRAPHICS.]

The commissioner ~~shall~~ may provide micrographics services and products to meet agency needs. Within available resources, the commissioner may also provide micrographic services to political subdivisions. Agency plans and programs for micrographics must be submitted to and receive the approval of the commissioner prior to implementation. Upon the commissioner's approval, subsidiary or independent microfilm operations may be implemented in other state agencies. The commissioner may direct that copies of official state documents be distributed to official state depositories on microfilm.

Sec. 3. Minnesota Statutes 2002, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) ~~to operate a central duplication and printing service;~~
- ~~(3)~~ to operate the central mailing service, including purchasing postage and related items and refunding postage deposits;
- ~~(4)~~ (3) to operate a documents service as prescribed by section 16B.51;
- ~~(5)~~ (4) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- ~~(6)~~ (5) to operate a materials handling service, including interagency mail and product delivery, solid waste removal, courier service, equipment rental, and vehicle and equipment maintenance;
- ~~(7)~~ (6) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;
- ~~(8)~~ (7) to operate a records center and provide micrographics products and services; and

~~(9)~~ (8) to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

Sec. 4. Minnesota Statutes 2002, section 16B.49, is amended to read:

16B.49 [CENTRAL MAILING SYSTEM.]

The commissioner ~~shall~~ may maintain and operate for state agencies, departments, institutions, and offices a central mail handling unit. Official, outgoing mail for units in St. Paul ~~must~~ may be required to be delivered unstamped to the unit. The unit ~~shall~~ may also operate an interoffice mail distribution system. The department may add personnel and acquire equipment that may be necessary to operate the unit efficiently and cost-effectively. Account must be kept of the postage required on that mail, which is then a proper charge against the agency delivering the mail. To provide funds for the payment of postage, each agency ~~shall~~ may be required to make advance payments to the commissioner sufficient to cover its postage obligations for at least 60 days. For purposes of this section, the Minnesota state colleges and universities is a state agency.

Sec. 5. Minnesota Statutes 2002, section 16C.08, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must certify to the commissioner that:

- ~~(1) no current state employee is able and available to perform the services called for by the contract;~~
- ~~(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;~~
- ~~(3)~~ (2) the contractor has certified that the product of the services will be original in character;
- ~~(4)~~ (3) reasonable efforts were made to publicize the availability of the contract to the public;
- ~~(5)~~ (4) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract, if applicable;
- ~~(6)~~ (5) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and
- ~~(7)~~ (6) the agency will not allow the contractor to begin work before funds are fully encumbered.

Sec. 6. Minnesota Statutes 2002, section 16C.08, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR PROFESSIONAL OR TECHNICAL SERVICES CONTRACTS.] Before approving a proposed contract for professional or technical services, the commissioner must determine, at least, that:

- (1) all provisions of subdivision 2 and section 16C.16 have been verified or complied with;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) the contractor and agents are not employees of the state;

~~(5) no agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;~~

~~(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and~~

~~(7) (6) the combined contract and amendments will not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.~~

Sec. 7. Minnesota Statutes 2002, section 16C.09, is amended to read:

16C.09 [PROCEDURE FOR SERVICE CONTRACTS.]

~~(a) Before entering into or approving a service contract, the commissioner must determine, at least, that:~~

~~(1) no current state employee is able and available to perform the services called for by the contract;~~

~~(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;~~

~~(3) (2) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;~~

~~(4) (3) the contractor and agents are not employees of the state;~~

~~(5) (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and~~

~~(6) (5) the combined contract and amendments will not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years, unless the commissioner determines that a longer duration is in the best interest of the state.~~

~~(b) For purposes of paragraph (a), clause (1), employees are available if qualified and:~~

~~(1) are already doing the work in question; or~~

~~(2) are on layoff status in classes that can do the work in question.~~

~~An employee is not available if the employee is doing other work, is retired, or has decided not to do the work in question.~~

Sec. 8. Minnesota Statutes 2002, section 16E.07, subdivision 9, is amended to read:

Subd. 9. [AGGREGATION OF SERVICE DEMAND.] The office shall identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of chapters 16B and 16C, except sections 16C.04, ~~16C.07~~, 16C.08, and 16C.09.

Sec. 9. Minnesota Statutes 2002, section 136F.77, subdivision 3, is amended to read:

Subd. 3. [NO ABROGATION.] Nothing in this section shall abrogate the provisions of ~~sections 43A.047 and section 136F.581.~~

Sec. 10. Minnesota Statutes 2002, section 268.186, is amended to read:

268.186 [RECORDS.]

(a) Each employer shall keep true and accurate records for the periods of time and containing the information the commissioner may require. For the purpose of administering this chapter, the commissioner has the power to examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are relevant, whether the books, correspondence, papers, records, or memoranda are the property of or in the possession of the employer or any other person at any reasonable time and as often as may be necessary.

(b) The commissioner may make summaries, compilations, photographs, duplications, or reproductions of any records, or reports that the commissioner considers advisable for the preservation of the information contained therein. Any summaries, compilations, photographs, duplications, or reproductions shall be admissible in any proceeding under this chapter. ~~Regardless of any restrictions contained in section 16B.50,~~ The commissioner may duplicate records, reports, summaries, compilations, instructions, determinations, or any other written or recorded matter pertaining to the administration of this chapter.

(c) Regardless of any law to the contrary, the commissioner may provide for the destruction of any records, reports, or reproductions thereof, or other papers, that are more than two years old, and that are no longer necessary for determining employer liability or an applicant's unemployment benefit rights or for the administration of this chapter, including any required audit. The commissioner may provide for the destruction or disposition of any record, report, or other paper that has been photographed, duplicated, or reproduced.

Sec. 11. [SALARY SAVINGS.]

Each appointing authority in the executive, legislative, and judicial branches of state government, the Minnesota state retirement system, the teachers retirement system, the public employees retirement system, the metropolitan council, and the state historical society shall determine whether use of mandatory unpaid leave is necessary to meet its budget reduction goals. Each appointing authority may require unpaid leave and shall establish the number of hours to be used by its employees, excluding intermittent and emergency appointments, which must not exceed 80 hours for full-time employees and a proportional share of 80 hours for less than full-time employees. Employees may request and appointing authorities may approve additional hours of unpaid leave.

Unpaid leave must be used between the effective date of this section and June 30, 2003. Employees on unpaid leave under this section shall continue to accrue vacation and sick leave, seniority, and service credit in state retirement plans permitting service credit for authorized leaves of absence and shall be eligible for paid holidays and insurance benefits as if the employee had worked the hours of unpaid leave. For purposes of overtime, hours of unpaid leave must be treated as paid vacation leave. For employees taking unpaid leave under this section, any requirement to reduce vacation leave balances by the end of the fiscal year is suspended for the year ending June 30, 2003. Appointing authorities retain discretion to approve or disapprove when leave is used and to schedule leave for

employees who have not arranged by April 1, 2003, to take the required number of hours. Unpaid leave under this section is not subject to the provisions of collective bargaining agreements and plans for unrepresented employees and is not subject to collective bargaining under Minnesota Statutes, chapter 179A.

Sec. 12. [GRANTS.]

Notwithstanding any law to the contrary, no executive branch official may take an action that would reduce an appropriation for grants and contracts for transmission of legislative activities. The executive branch must continue to make available the full amount of the appropriation for these purposes in Laws 2001, First Special Session chapter 10, article 1, section 12, subdivision 8.

Sec. 13. [REPEALER.]

Minnesota Statutes 2002, sections 16B.50; 16C.07; and 43A.047, are repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective the day following final enactment.

ARTICLE 12

AGRICULTURE AND RURAL DEVELOPMENT

Section 1. [AGRICULTURE AND RURAL DEVELOPMENT APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, as amended, or other law to the specified agencies. The appropriations or reductions are from the general fund for the fiscal year ending June 30, 2003.

	2003
TOTAL APPROPRIATION CHANGE	\$(2,492,000)

APPROPRIATION CHANGE

Sec. 2. COMMISSIONER OF AGRICULTURE

Subdivision 1. Total Reduction	(1,502,000)
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The reductions from the amounts appropriated in Laws 2001, First Special Session chapter 2, section 9, are shown in subdivisions 2 to 5.

Subd. 2. Protection Service

(527,000)

\$7,000 of this reduction is from the appropriation for activities of the dairy development and profitability enhancement teams.

Subd. 3. Agriculture Marketing and Development

(806,000)

\$25,000 of this reduction is from the appropriation for the Minnesota certification program under Minnesota Statutes, section 17.1025.

APPROPRIATION CHANGE

\$12,000 of this reduction is from the appropriation for beaver control grants under Minnesota Statutes, section 17.110.

\$161,000 of this reduction is from the appropriation for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116.

\$207,000 of this reduction is from the appropriation for value-added agricultural product processing and marketing grants under Minnesota Statutes, section 17.101, subdivision 5.

Subd. 4. Administration and Financial Assistance

(169,000)

\$89,000 is transferred from the methane digester loan account in Minnesota Statutes, section 41B.049, subdivision 2, to the general fund.

\$319,000 is transferred from the balance in the sustainable agriculture loan program in the special revenue fund to the general fund.

\$1,000 of this reduction is from the appropriation for family farm security interest payment adjustments.

\$65,000 is from the balance of the appropriation made in Laws 2000, chapter 488, article 3, section 5, for grants to one or more cooperative associations organized under Minnesota Statutes, chapter 308A, primarily for the purpose of facilitating the production and marketing of short rotation woody crops.

Any refunds received by the state from the appropriation in Laws 2000, chapter 488, article 3, section 5, for short rotation woody crops cancel to the general fund.

Subd. 5. Ethanol Producer Payments

Notwithstanding other law to the contrary, total payments from the ethanol development account to all producers for the biennium ending June 30, 2003, may not exceed \$63,775,000. For payments made during the second and third quarters of fiscal year 2003, the commissioner shall make payments to producers at the rate of \$0.16 per gallon of eligible ethanol production. In the fourth quarter of fiscal year 2003 the payments shall be prorated across all eligible production. In recognition of the state's long-term commitment to the ethanol industry, it is the intent of the legislature to restore producer payments withheld during periods of budget crisis by extending the total quarters of eligibility for each eligible plant beyond the initial ten years after capacity came into production.

Sec. 3. BOARD OF ANIMAL HEALTH

(103,000)

APPROPRIATION CHANGE

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH
INSTITUTE

(887,000)

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 16A.17, by adding a subdivision; 16B.47; 16B.48, subdivision 2; 16B.49; 16C.08, subdivisions 2, 3; 16C.09; 16E.07, subdivision 9; 115A.908, subdivision 2; 116P.05, subdivision 2; 119B.011, by adding a subdivision; 119B.09, subdivisions 1, 2; 119B.12, subdivision 2; 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 124D.52, subdivision 1; 124D.531, subdivisions 1, 5; 136F.77, subdivision 3; 252.27, subdivision 2a; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.056, subdivisions 1a, 4; 256B.057, subdivision 2; 256B.06, subdivisions 4, 5; 256B.0625, subdivision 13, by adding a subdivision; 256B.0635, subdivisions 1, 2; 256B.19, subdivision 1d; 256B.195, subdivision 4; 256B.32, subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 256J.08, subdivision 85; 256J.11, subdivision 1; 256J.48, subdivision 1; 256J.52, subdivision 2; 256J.53, subdivision 1; 256L.07, subdivision 1; 256L.17, subdivision 2; 268.186; 289A.56, subdivision 4; 297A.75, subdivision 4; 297F.10, subdivision 1; 299A.42; 299A.44, subdivision 1; 299A.465, subdivisions 1, 4; Laws 1997, chapter 203, article 9, section 21, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 11, as amended; Laws 2001, First Special Session chapter 8, article 4, section 11, as amended; Laws 2001, First Special Session chapter 9, article 2, section 31; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; repealing Minnesota Statutes 2002, sections 16B.50; 16C.07; 43A.047; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256.973; 256B.056, subdivisions 1c, 3c; 256B.195, subdivision 5; 256D.053; 256J.11, subdivisions 2, 3; Laws 1999, chapter 205, article 1, section 63."

With the recommendation that when so amended the bill pass.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 142, A bill for an act relating to education finance; modifying and reducing appropriations for certain education programs; amending Minnesota Statutes 2002, sections 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 124D.52, subdivision 1; 124D.531, subdivisions 1, 5.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 145, A bill for an act relating to appropriations; reducing and transferring appropriations for environmental and natural resources purposes; amending Minnesota Statutes 2002, sections 115A.908, subdivision 2; 116P.05, subdivision 2; 297F.10, subdivision 1.

Reported the same back with the following amendments:

Page 6, line 32, delete "10" and insert "9" and after "2003." insert "Section 10 is effective for all revenues received after February 28, 2003."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy reported on the following appointment which had been referred to the committee by the Speaker:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

TERRI ASHMORE

Reported the same back with the recommendation that the appointment be confirmed.

Rhodes moved that the report of the Committee on Governmental Operations and Veterans Affairs Policy relating to the appointment of Terri Ashmore to the Campaign Finance and Public Disclosure Board be adopted. The motion prevailed and the report was adopted.

CONFIRMATION

Rhodes moved that the House, having advised, do now consent to and confirm the appointment of Terri Ashmore, 54 Hilltop Lane, Saint Paul, Minnesota 55116, in the county of Ramsey, Congressional District Four, effective January 14, 2003, for a term expiring January 1, 2007. The motion prevailed and the appointment of Terri Ashmore was confirmed by the House.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy reported on the following appointment which had been referred to the committee by the Speaker:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

BOB MILBERT

Reported the same back with the recommendation that the appointment be confirmed.

Rhodes moved that the report of the Committee on Governmental Operations and Veterans Affairs Policy relating to the appointment of Bob Milbert to the Campaign Finance and Public Disclosure Board be adopted. The motion prevailed and the report was adopted.

CONFIRMATION

Rhodes moved that the House, having advised, do now consent to and confirm the appointment of Bob Milbert, 308 Deerwood Court, South Saint Paul, Minnesota 55075, in the county of Dakota, Congressional District Four, effective January 14, 2003, for a term expiring January 1, 2007. The motion prevailed and the appointment of Bob Milbert was confirmed by the House.

SECOND READING OF HOUSE BILLS

H. F. No. 74 was read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Knoblach moved that the rule therein be suspended and an urgency be declared so that H. F. No. 74 be given its third reading and be placed upon its final passage. The motion prevailed.

Knoblach moved that the Rules of the House be so far suspended that H. F. No. 74 be given its third reading and be placed upon its final passage. The motion prevailed.

POINT OF ORDER

Greiling raised a point of order pursuant to rule 2.05 relating to Every Unexcused Member To Vote.

The Speaker called Abrams to the Chair.

Speaker pro tempore Abrams ruled the point of order not well taken.

The Speaker resumed the Chair.

Bradley moved to amend H. F. No. 74, the first engrossment, as follows:

Page 37, line 33, strike "under that section"

Page 39, line 7, delete everything after "2000"

Page 39, line 8, delete the new language

Page 39, line 10, strike "under that section"

The motion prevailed and the amendment was adopted.

Carlson offered an amendment to H. F. No. 74, the first engrossment, as amended.

POINT OF ORDER

Knoblach raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Carlson amendment was not in order. The Speaker ruled the point of order well taken and the Carlson amendment out of order.

Kelliher appealed the decision of the Speaker.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Sertich and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	DeLaForest	Heidgerken	Lanning	Opatz	Soderstrom
Abrams	Demmer	Hilstrom	Larson	Osterman	Stanek
Adolphson	Dempsey	Hilty	Latz	Otremba	Stang
Anderson, B.	Dill	Holberg	Lenczewski	Ozment	Strachan
Anderson, I.	Dorman	Hoppe	Lesch	Paulsen	Swenson
Anderson, J.	Dorn	Hornstein	Lieder	Paymar	Sykora
Atkins	Eastlund	Howes	Lindgren	Pelowski	Thao
Beard	Eken	Huntley	Lindner	Penas	Thissen
Bernardy	Ellison	Jacobson	Lipman	Peterson	Tingelstad
Biernat	Entenza	Jaros	Magnus	Pugh	Urdahl
Blaine	Erhardt	Johnson, J.	Mahoney	Rhodes	Vandever
Borrell	Erickson	Johnson, S.	Mariani	Rukavina	Wagenius
Boudreau	Finstad	Juhnke	Marquart	Ruth	Walker
Bradley	Fuller	Kahn	McNamara	Samuelson	Walz
Brod	Gerlach	Kelliher	Meslow	Seagren	Wardlow
Buesgens	Goodwin	Kielkucki	Mullery	Seifert	Wasiluk
Carlson	Greiling	Klinzing	Nelson, C.	Sertich	Westrom
Clark	Gunther	Knoblach	Nelson, M.	Severson	Wilkin
Cornish	Haas	Koenen	Nelson, P.	Sieben	Spk. Sviggum
Cox	Hackbarth	Kohls	Nornes	Simpson	
Davids	Harder	Krinkie	Olsen, S.	Slawik	
Davnie	Hausman	Kuisle	Olson, M.	Smith	

Paulsen moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Paulsen moved that those not voting be excused from voting. The motion prevailed.

There were 81 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Harder	Larson	Ozment	Strachan
Abrams	DeLaForest	Heidgerken	Lenczewski	Paulsen	Swenson
Adolphson	Demmer	Holberg	Lindgren	Penas	Sykora
Anderson, B.	Dempsey	Hoppe	Lindner	Rhodes	Tingelstad
Anderson, J.	Dorman	Howes	Lipman	Ruth	Urdahl
Beard	Eastlund	Jacobson	Magnus	Samuelson	Vandever
Blaine	Erhardt	Johnson, J.	McNamara	Seagren	Walz
Borrell	Erickson	Kielkucki	Meslow	Seifert	Wardlow
Boudreau	Finstad	Klinzing	Nelson, C.	Severson	Westrom
Bradley	Fuller	Knoblach	Nelson, P.	Simpson	Wilkin
Brod	Gerlach	Kohls	Nornes	Smith	Spk. Sviggum
Buesgens	Gunther	Krinkie	Olsen, S.	Soderstrom	
Cornish	Haas	Kuisle	Olson, M.	Stanek	
Cox	Hackbarth	Lanning	Osterman	Stang	

Those who voted in the negative were:

Anderson, I.	Dorn	Hornstein	Latz	Opatz	Sieben
Atkins	Ellison	Huntley	Lesch	Otremba	Slawik
Bernardy	Entenza	Jaros	Lieder	Paymar	Thao
Biernat	Goodwin	Johnson, S.	Mahoney	Pelowski	Thissen
Carlson	Greiling	Juhnke	Mariani	Peterson	Wagenius
Clark	Hausman	Kahn	Marquart	Pugh	Walker
Davnie	Hilstrom	Kelliher	Mullery	Rukavina	Wasiluk
Dill	Hilty	Koenen	Nelson, M.	Sertich	

So it was the judgment of the House that the decision of the Speaker should stand.

Magnus, Swenson, Kuisle, Harder and Dorman moved to amend H. F. No. 74, the first engrossment, as amended, as follows:

Page 63, after line 42, insert:

"Sec. 8. [DRIVER LICENSE STATION CLOSURES; MORATORIUM.]

Until June 30, 2005, the commissioner of public safety may not close any driver license examination station."

Page 64, line 2, delete "7" and insert "8"

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Magnus et al amendment and the roll was called.

Paulsen moved that those not voting be excused from voting. The motion prevailed.

There were 80 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gunther	Koenen	Opatz	Smith
Adolphson	Demmer	Haas	Kohls	Osterman	Soderstrom
Anderson, B.	Dempsey	Hackbarth	Kuisle	Otremba	Stang
Anderson, I.	Dill	Harder	Lanning	Ozment	Swenson
Anderson, J.	Dorman	Heidgerken	Lesch	Pelowski	Tingelstad
Atkins	Dorn	Hilstrom	Lieder	Penas	Urdahl
Beard	Eastlund	Hilty	Lindgren	Peterson	Walz
Blaine	Eken	Holberg	Lindner	Ruth	Wardlow
Borrell	Entenza	Hoppe	Magnus	Samuelson	Westrom
Boudreau	Erhardt	Howes	Marquart	Seifert	Spk. Sviggum
Brod	Erickson	Johnson, J.	McNamara	Sertich	
Carlson	Finstad	Juhnke	Meslow	Severson	
Cornish	Fuller	Kelliher	Nelson, P.	Simpson	
Cox	Gerlach	Knoblach	Nornes	Slawik	

Those who voted in the negative were:

Abrams	Ellison	Johnson, S.	Lipman	Paulsen	Sykora
Bernardy	Goodwin	Kahn	Mahoney	Paymar	Thao
Biernat	Greiling	Kielkucki	Mariani	Pugh	Thissen
Bradley	Hausman	Klinzing	Mullery	Rhodes	Vandever
Buesgens	Hornstein	Krinkie	Nelson, C.	Rukavina	Wagenius
Clark	Huntley	Larson	Nelson, M.	Seagren	Walker
Davnie	Jacobson	Latz	Olsen, S.	Sieben	Wasiluk
DeLaForest	Jaros	Lenczewski	Olson, M.	Strachan	Wilkin

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE LIFTED

Rukavina moved that the call of the House be suspended. The motion prevailed and it was so ordered.

H. F. No. 74, A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 16A.17, by adding a subdivision; 16B.47; 16B.48, subdivision 2; 16B.49; 16C.08, subdivisions 2, 3; 16C.09; 16E.07, subdivision 9; 115A.908, subdivision 2; 116P.05, subdivision 2; 119B.011, by adding a subdivision; 119B.09, subdivisions 1, 2; 119B.12, subdivision 2; 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 124D.52, subdivision 1; 124D.531, subdivisions 1, 5; 136F.77, subdivision 3; 252.27, subdivision 2a; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.056, subdivisions 1a, 4; 256B.057, subdivision 2; 256B.06, subdivisions 4, 5; 256B.0625, subdivision 13, by adding a subdivision; 256B.0635, subdivisions 1, 2; 256B.19, subdivision 1d; 256B.195, subdivision 4; 256B.32, subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 256J.08, subdivision 85; 256J.11, subdivision 1; 256J.48, subdivision 1; 256J.52, subdivision 2; 256J.53, subdivision 1; 256L.07, subdivision 1; 256L.17, subdivision 2; 268.186; 289A.56, subdivision 4;

297A.75, subdivision 4; 297F.10, subdivision 1; 299A.42; 299A.44, subdivision 1; 299A.465, subdivisions 1, 4; Laws 1997, chapter 203, article 9, section 21, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 11, as amended; Laws 2001, First Special Session chapter 8, article 4, section 11, as amended; Laws 2001, First Special Session chapter 9, article 2, section 31; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; repealing Minnesota Statutes 2002, sections 16B.50; 16C.07; 43A.047; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256.973; 256B.056, subdivisions 1c, 3c; 256B.195, subdivision 5; 256D.053; 256J.11, subdivisions 2, 3; Laws 1999, chapter 205, article 1, section 63.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.05, the Speaker excused Eken from voting on final passage of H. F. No. 74, the first engrossment, as amended.

There were 77 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Abeler	Cox	Haas	Krinkie	Osterman	Stang
Abrams	Davids	Hackbarth	Kuisle	Ozment	Strachan
Adolphson	DeLaForest	Harder	Lanning	Paulsen	Swenson
Anderson, B.	Demmer	Heidgerken	Lindgren	Penas	Sykora
Anderson, J.	Dempsey	Holberg	Lindner	Rhodes	Tingelstad
Beard	Dorman	Hoppe	Lipman	Ruth	Urdahl
Blaine	Eastlund	Howes	Magnus	Samuelson	Vandevveer
Borrell	Erhardt	Jacobson	McNamara	Seagren	Walz
Boudreau	Erickson	Johnson, J.	Meslow	Seifert	Wardlow
Bradley	Finstad	Kielkucki	Nelson, C.	Severson	Westrom
Brod	Fuller	Klinzing	Nelson, P.	Simpson	Wilkin
Buesgens	Gerlach	Knoblach	Nornes	Smith	Spk. Sviggum
Cornish	Gunther	Kohls	Olsen, S.	Soderstrom	

Those who voted in the negative were:

Anderson, I.	Ellison	Jaros	Lesch	Otremba	Thao
Atkins	Entenza	Johnson, S.	Lieder	Paymar	Thissen
Bernardy	Goodwin	Juhnke	Mahoney	Pelowski	Wagenius
Biernat	Greiling	Kahn	Mariani	Peterson	Walker
Carlson	Hausman	Kelliher	Marquart	Pugh	Wasiluk
Clark	Hilstrom	Koenen	Mullery	Rukavina	
Davnie	Hilty	Larson	Nelson, M.	Sertich	
Dill	Hornstein	Latz	Olson, M.	Sieben	
Dorn	Huntley	Lenczewski	Opatz	Slawik	

The bill was passed, as amended, and its title agreed to.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Kielkucki, Blaine, Stang, Koenen and Otremba introduced:

H. F. No. 183, A bill for an act relating to lawful gambling; permitting local regulation and investigation fees by townships; amending Minnesota Statutes 2002, sections 349.16, subdivision 8; 349.213, subdivision 1.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Olsen, S.; Westerberg; DeLaForest; Nelson, M.; Abeler; Boudreau; Hackbarth; Davnie and Johnson, J., introduced:

H. F. No. 184, A bill for an act relating to education; allowing child care assistance payments to be used for all-day kindergarten tuition payments; amending Minnesota Statutes 2002, sections 119B.011, subdivision 5; 119B.13, subdivision 1.

The bill was read for the first time and referred to the Committee on Education Policy.

Dill, Sertich, Howes, Hilty and Rukavina introduced:

H. F. No. 185, A bill for an act relating to the environment; appropriating money and authorizing bonds for wastewater infrastructure grants to the Larsmont portion of the Knife River-Larsmont sanitary district.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Dill, Sertich, Hilty, Kelliher and Rukavina introduced:

H. F. No. 186, A bill for an act relating to natural resources; appropriating money and authorizing bonds for the development of the Gitchi-Gami state trail.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Jaros introduced:

H. F. No. 187, A bill for an act relating to human services; modifying MinnesotaCare eligibility requirements related to other health coverage and employer-subsidized coverage; amending Minnesota Statutes 2002, sections 256L.07, subdivision 3, by adding subdivisions.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Jaros introduced:

H. F. No. 188, A bill for an act relating to higher education; directing the board of trustees of the Minnesota state colleges and universities and requesting the board of regents of the University of Minnesota to adopt a policy requiring a year of study abroad for certain students.

The bill was read for the first time and referred to the Committee on Higher Education Finance.

Mariani; Paymar; Hausman; Thao; Lesch; Johnson, S.; Entenza; Kahn and Clark introduced:

H. F. No. 189, A bill for an act relating to ethanol; restricting ethanol producer payments for facilities located in cities of the first class; amending Minnesota Statutes 2002, section 41A.09, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Agriculture Policy.

Juhnke, Mariani, Thao and Koenen introduced:

H. F. No. 190, A bill for an act relating to economic development; providing assistance for the relocation of an urban ethanol plant to a rural site in Minnesota; eliminating ethanol producer payments to urban ethanol plants after a certain date; appropriating money; amending Minnesota Statutes 2002, section 41A.09, subdivisions 2a, 3a, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Agriculture Policy.

Gerlach introduced:

H. F. No. 191, A bill for an act relating to retirement; authorizing payment of refunds from the Minnesota state retirement system for certain employees on medical leaves of absence; amending Minnesota Statutes 2002, section 352.22, subdivision 1.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Hilty, Kelliher and Dill introduced:

H. F. No. 192, A bill for an act relating to game and fish; prohibiting the sale and use of lead sinkers; proposing coding for new law in Minnesota Statutes, chapter 97C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Erickson introduced:

H. F. No. 193, A bill for an act relating to education; repealing and replacing the profile of learning; requiring legislative review of proposed statewide rigorous core academic standards in language arts, mathematics, science, and history and geography; repealing portions of Minnesota Rules, chapter 3501; proposing coding for new law in Minnesota Statutes, chapter 120B.

The bill was read for the first time and referred to the Committee on Education Policy.

Urdahl and Kielkucki introduced:

H. F. No. 194, A bill for an act relating to natural resources; authorizing the Wright county board to act unanimously to change the name of a body of water in Wright county without the approval of the commissioner of natural resources.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Rhodes, Kelliher, Haas, Paulsen and Entenza introduced:

H. F. No. 195, A bill for an act relating to elections; establishing the voting integrity and voter access account; providing for funding and use of that account; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 5.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Juhnke and Lieder introduced:

H. F. No. 196, A bill for an act relating to transportation; creating multimodal transportation fund and accounts; modifying formula for distributing state aid for county highways and small cities; allocating proceeds from sales tax on motor vehicles; increasing and indexing motor fuel taxes; authorizing trunk highway bonds; requiring metropolitan area election concerning imposition of one-half cent general sales tax; dedicating sales tax revenues to highway improvements and transit capital in the metropolitan area; appropriating money; amending Minnesota Statutes 2002, sections 162.07, subdivision 1, by adding subdivisions; 296A.07, subdivision 3, by adding a subdivision; 296A.08, subdivision 2, by adding a subdivision; 297B.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16A; 162; 270; proposing coding for new law as Minnesota Statutes, chapter 473J.

The bill was read for the first time and referred to the Committee on Transportation Policy.

Marquart introduced:

H. F. No. 197, A bill for an act relating to education finance; increasing funding for school districts with declining enrollment; amending Minnesota Statutes 2002, section 126C.05, subdivisions 5, 6.

The bill was read for the first time and referred to the Committee on Education Finance.

Marquart introduced:

H. F. No. 198, A bill for an act relating to taxation; individual income; allowing a subtraction for military pensions; amending Minnesota Statutes 2002, section 290.01, subdivision 19b.

The bill was read for the first time and referred to the Committee on Taxes.

Anderson, I., introduced:

H. F. No. 199, A bill for an act relating to economic development; authorizing the county of Koochiching to establish a port authority; authorizing local units of government to apply for foreign trade zone powers; proposing coding for new law in Minnesota Statutes, chapter 469.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Jacobson, Wasiluk and Meslow introduced:

H. F. No. 200, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for the McKnight Road and Highway 36 interchange project in Ramsey county.

The bill was read for the first time and referred to the Committee on Transportation Finance.

Fuller, Huntley, Soderstrom and Otremba introduced:

H. F. No. 201, A bill for an act relating to health; modifying provisions relating to emergency medical services; amending Minnesota Statutes 2002, sections 144E.01, subdivision 1; 144E.27, subdivisions 1, 2, 4; 144E.286, by adding a subdivision; 144E.305, subdivision 2; 144E.41; 144E.50, subdivisions 5, 6; repealing Minnesota Statutes 2002, sections 144E.01, subdivision 3; 144E.286, subdivisions 1, 2; Minnesota Rules, parts 4690.1500, subpart 3; 4690.7900, subpart 6.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Olsen, S.; DeLaForest; Abeler; Nelson, M.; Hilstrom; Sviggum and Haas introduced:

H. F. No. 202, A bill for an act relating to education finance; expanding the referendum equalization aid program; eliminating alternative facilities aid; amending Minnesota Statutes 2002, sections 123B.59, subdivision 5; 126C.17, subdivision 6; repealing Minnesota Statutes 2002, section 123B.59, subdivisions 6, 7.

The bill was read for the first time and referred to the Committee on Education Finance.

Sertich, Davids and Gerlach introduced:

H. F. No. 203, A bill for an act relating to insurance; regulating the FAIR plan; amending Minnesota Statutes 2002, sections 65A.29, subdivision 4; 65A.32; 65A.33, subdivisions 4, 6, 9, by adding subdivisions; 65A.34; 65A.35; 65A.36; 65A.37; 65A.375; 65A.38, subdivisions 1, 5; 65A.40; 65A.41; 65A.42; repealing Minnesota Statutes 2002, section 65A.33, subdivision 5.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Murphy, Huntley, Jaros, Hilty, Sertich and Dill introduced:

H. F. No. 204, A bill for an act relating to St. Louis county; modifying political activity restrictions for certain officers and employees in the classified service; amending Minnesota Statutes 2002, section 383C.05.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Goodwin and Lieder introduced:

H. F. No. 205, A bill for an act relating to education finance; creating an alternative to the detachment and annexation process for residential property parcels that are split among school districts; proposing coding for new law in Minnesota Statutes, chapter 123A.

The bill was read for the first time and referred to the Committee on Education Finance.

Seagren, Buesgens and Erickson introduced:

H. F. No. 206, A bill for an act relating to education; repealing the January 15 contract deadline date and penalty; repealing Minnesota Statutes 2002, section 123B.05.

The bill was read for the first time and referred to the Committee on Education Policy.

Latz introduced:

H. F. No. 207, A resolution memorializing Congress to require Internet sellers to collect state and local taxes.

The bill was read for the first time and referred to the Committee on Taxes.

Kuisle; Nelson, C.; Bradley; Mahoney and Demmer introduced:

H. F. No. 208, A bill for an act relating to energy; providing that renewable energy sources include mixed municipal waste; amending Minnesota Statutes 2002, sections 216B.1691, subdivision 1; 216B.2422, subdivision 1.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Carlson, Wagenius, Lieder, Greiling, Hilty and Entenza introduced:

H. F. No. 209, A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 145A.13, subdivision 3; 240.155, subdivision 1; 244.101,

by adding a subdivision; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.0625, subdivisions 13, 24; 256B.19, subdivision 1d; 256B.195, subdivision 3; 256B.32, subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 289A.50, subdivision 2a; 289A.56, subdivision 4; 297A.75, subdivisions 2, 4; 609.105, subdivisions 1, 3; 609.135, subdivision 7; 609.14, subdivision 3; Laws 2002, chapter 220, article 10, section 3; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2002, section 256B.0625, subdivision 5a.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Thissen introduced:

H. F. No. 210, A bill for an act relating to courts; modifying personal jurisdiction over foreign corporations and nonresident individuals in certain matters; amending Minnesota Statutes 2002, section 543.19, subdivision 1.

The bill was read for the first time and referred to the Committee on Civil Law.

Lindgren and Fuller introduced:

H. F. No. 211, A bill for an act relating to Beltrami county; increasing the amount that may be spent for promotion of tourist, agricultural, and industrial developments; amending Laws 1967, chapter 558, section 1, subdivision 5, as amended.

The bill was read for the first time and referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 79.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 79, A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain

programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 145A.13, subdivision 3; 240.155, subdivision 1; 244.101, by adding a subdivision; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.0625, subdivisions 13, 24; 256B.19, subdivision 1d; 256B.195, subdivision 3; 256B.32, subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 289A.50, subdivision 2a; 289A.56, subdivision 4; 297A.75, subdivisions 2, 4; 609.105, subdivisions 1, 3; 609.135, subdivision 7; 609.14, subdivision 3; Laws 2002, chapter 220, article 10, section 3; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2002, section 256B.0625, subdivision 5a.

The bill was read for the first time and referred to the Committee on Ways and Means.

MOTIONS AND RESOLUTIONS

Bradley moved that the name of Marquart be added as an author on H. F. No. 5. The motion prevailed.

Eken moved that his name be stricken as an author on H. F. No. 65. The motion prevailed.

Knoblach moved that the name of Holberg be added as an author on H. F. No. 74. The motion prevailed.

Rukavina moved that the name of Lenczewski be added as an author on H. F. No. 102. The motion prevailed.

Thao moved that the name of Wardlow be added as an author on H. F. No. 119. The motion prevailed.

Carlson moved that the name of Nelson, C., be added as an author on H. F. No. 127. The motion prevailed.

Kuisle moved that the name of DeLaForest be added as an author on H. F. No. 139. The motion prevailed.

Strachan moved that the name of Lesch be added as an author on H. F. No. 146. The motion prevailed.

Anderson, I., moved that the name of Erhardt be added as an author on H. F. No. 156. The motion prevailed.

Smith moved that the names of Johnson, J.; Erhardt and Holberg be added as authors on H. F. No. 158. The motion prevailed.

Abeler moved that the name of Holberg be added as an author on H. F. No. 160. The motion prevailed.

Seifert moved that the names of Kohls; Wardlow; Nelson, C.; Adolphson; Hoppe; DeLaForest; Olson, M.; Simpson; Paulsen and Erhardt be added as authors on H. F. No. 162. The motion prevailed.

Kohls moved that the name of Adolphson be added as an author on H. F. No. 170. The motion prevailed.

Lenczewski moved that the name of Erhardt be added as an author on H. F. No. 172. The motion prevailed.

Davids moved that the names of Mahoney and Nornes be added as authors on H. F. No. 177. The motion prevailed.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 2:30 p.m., Tuesday, January 28, 2003. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Tuesday, January 28, 2003.

EDWARD A. BURDICK, Chief Clerk, House of Representatives