

## SEVENTY-FIRST DAY

St. Paul, Minnesota, Tuesday, May 16, 2023

The Senate met at 10:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

Senator Boldon imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Jen Collins.

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

The roll was called, and the following Senators were present:

Abeler	Dziedzic	Johnson	Maye Quade	Rarick
Anderson	Eichorn	Klein	McEwen	Rasmusson
Bahr	Farnsworth	Koran	Miller	Rest
Boldon	Fatch	Kreun	Mitchell	Seeberger
Carlson	Frentz	Kunesh	Mohamed	Utke
Champion	Green	Kupec	Morrison	Weber
Coleman	Gruenhagen	Lang	Murphy	Wesenberg
Cwodzinski	Gustafson	Latz	Nelson	Westlin
Dahms	Hauschild	Lieske	Oumou Verbeten	Westrom
Dibble	Hawj	Limmer	Pappas	Wiklund
Dornink	Hoffman	Lucero	Pha	Xiong
Draheim	Housley	Mann	Port	
Drazkowski	Howe	Marty	Pratt	
Duckworth	Jasinski	Mathews	Putnam	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 15, 2023

The Honorable Melissa Hortman  
Speaker of the House of Representatives

The Honorable Bobby Joe Champion  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2023 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2023	Date Filed 2023
	800	36	1:27 p.m. May 15	May 15
	2335	37	1:28 p.m. May 15	May 15
	1937	38	1:29 p.m. May 15	May 15

Sincerely,  
Steve Simon  
Secretary of State

#### INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

##### **Senator Klein introduced--**

**S.F. No. 3337:** A bill for an act relating to taxation; individual income; providing a subtraction for foreign service retirement pay; amending Minnesota Statutes 2022, sections 290.0132, by adding a subdivision; 290.091, subdivision 2, as amended.

Referred to the Committee on Taxes.

##### **Senators Boldon, Utke, Hoffman, Pappas, and Dibble introduced--**

**S.F. No. 3338:** A bill for an act relating to health occupations; modifying provisions governing the practice or provision of physical therapy; providing criminal penalties; amending Minnesota Statutes 2022, sections 148.65, subdivisions 1, 5, 6; 148.706; 148.75; 148.76; repealing Minnesota Statutes 2022, sections 148.65, subdivision 9; 148.77.

Referred to the Committee on Health and Human Services.

##### **Senator Howe introduced--**

**S.F. No. 3339:** A bill for an act relating to agriculture; requiring compensation for an agricultural crop damaged or destroyed by wildlife; requiring rulemaking; requiring a report; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Agriculture, Broadband, and Rural Development.

**MOTIONS AND RESOLUTIONS**

Senator Maye Quade moved that the name of Senator Pha be added as a co-author to S.F. No. 3057. The motion prevailed.

Senator Mathews moved that the name of Senator Rasmusson be added as a co-author to S.F. No. 3120. The motion prevailed.

**RECESS**

Senator Boldon moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

President Champion called Senator Klein to preside.

**CALL OF THE SENATE**

Senator Boldon imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

**REPORTS OF COMMITTEES**

Senator Boldon moved that the Committee Reports at the Desk be now adopted, with the exception of the report on H.F. No. 670.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 37 and nays 16, as follows:

Those who voted in the affirmative were:

Abeler	Fatch	Kunesh	Morrison	Rasmusson
Boldon	Frentz	Kupec	Murphy	Rest
Carlson	Gustafson	Mann	Nelson	Seeberger
Champion	Hauschild	Maye Quade	Oumou Verbeten	Westlin
Coleman	Hawj	McEwen	Pappas	Wiklund
Cwodzinski	Hoffman	Miller	Pha	
Dibble	Johnson	Mitchell	Port	
Dziedzic	Klein	Mohamed	Putnam	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Dziedzic, Mann, and Pha.

Those who voted in the negative were:

Bahr	Green	Lang	Utke
Dornink	Gruenhagen	Lieske	Weber
Draheim	Koran	Lucero	Wesenberg
Drazkowski	Kreun	Rarick	Westrom

The motion prevailed.

**Senator Dzedzic from the Committee on Rules and Administration, to which was referred**

**S.F. No. 3307:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Laws 2023, chapter 5, sections 1; 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Senator Marty from the Committee on Finance, to which was re-referred**

**H.F. No. 670:** A bill for an act relating to capital investment; authorizing spending to acquire and better land and buildings and for other improvements of a capital nature with certain conditions; canceling prior appropriations; appropriating money; creates a grant program; proposing coding for new law in Minnesota Statutes, chapter 138.

Reports the same back with the recommendation that H.F. No. 670, the first unofficial engrossment, be amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**APPROPRIATIONS**

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

(a) The sums shown in the column under "Appropriations" are appropriated from the general fund in fiscal year 2024 to the state agencies or officials indicated, to be spent for public purposes. These are onetime appropriations. Money appropriated in this act is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(b) For any project funded in whole or in part by this act, workers on the project must be paid at least the prevailing wage rate as defined in Minnesota Statutes, section 177.42, subdivision 6, and the project is subject to the requirements and enforcement provisions in Minnesota Statutes, sections 177.27, 177.30, 177.32, and 177.41 to 177.45. For the purposes of this act, "project" means demolition, erection, construction, remodeling, or repairing of a public building, facility, or other public work financed in whole or part by state funds. Project also includes demolition, erection, construction, remodeling, or repairing of a building, facility, or public work when the acquisition of property, predesign, design, or demolition is financed in whole or in part by state funds.

(c) Money appropriated in this act: (1) is available for a grant after the commissioner of management and budget determines that an amount sufficient to complete the project as described in this act has been committed to the project, as required by Minnesota Statutes, section 16A.502;

and (2) may be used to pay state agency staff costs that are attributed directly to the capital program or project for capitalizable staff costs.

(d) The sustainable building guidelines under Minnesota Statutes, section 16B.325, are mandatory for all new buildings and major renovations owned or to be owned by the state, state agencies, Minnesota State Colleges and Universities, and the University of Minnesota that are funded with an appropriation in this act.

**APPROPRIATIONS**

Sec. 2. **UNIVERSITY OF MINNESOTA** **\$ 43,350,000**

To the Board of Regents of the University of Minnesota to be spent in accordance with Minnesota Statutes, section 135A.046. Notwithstanding the specified uses of money under Minnesota Statutes, section 135A.046, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 135A.046, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 135A.046, subdivision 3, shall include a list of projects.

Sec. 3. **MINNESOTA STATE COLLEGES AND UNIVERSITIES** **\$ 43,350,000**

To the Board of Trustees of the Minnesota State Colleges and Universities to be spent in accordance with Minnesota Statutes, section 135A.046. Notwithstanding the specified uses of money under Minnesota Statutes, section 135A.046, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 135A.046, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 135A.046, subdivision 3, shall include a list of projects.

Sec. 4. **MINNESOTA STATE ACADEMIES**

**Subdivision 1. Total Appropriation****\$ 8,737,000**

To the commissioner of administration for the purposes specified in this section.

**Subd. 2. Asset Preservation****900,000**

For capital asset preservation improvements and betterments on both campuses of the Minnesota State Academies, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall include a list of projects that have been paid for with this appropriation.

**Subd. 3. Dorm Renovations and Predesign****7,837,000**

To predesign, design, construct, furnish, and equip the renovation of Kramer Hall, Brandeen Hall, and Rode Hall Dorms on the Blind School Campus, including but not limited to abatement of asbestos and hazardous materials, construction, and renovations required to improve safety and security for occupants, meet ADA requirements, meet energy saving requirements, and improve indoor air quality standards. This appropriation also includes money to predesign, design, construct, furnish, and equip the renovation of Pollard Hall Dorm on the Deaf School Campus, including but not limited to abatement of asbestos and hazardous materials, construction, and renovations required to improve safety and security for occupants, meet ADA requirements, meet energy saving requirements, and improve indoor air quality standards.

**Sec. 5. PERPICH CENTER FOR ARTS  
EDUCATION**

**\$ 900,000**

(a) To the commissioner of administration for capital asset preservation improvements and betterments at the Perpich Center for Arts Education, to be spent in accordance with Minnesota Statutes, section 16B.307.

(b) Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall also include a list of projects that have been paid for with this appropriation from the general fund.

**Sec. 6. NATURAL RESOURCES**

**Subdivision 1. Total Appropriation**

**\$ 148,510,000**

(a) To the commissioner of natural resources for the purposes specified in this section.

(b) The appropriations in this section are subject to the requirements of the natural resources capital improvement program under Minnesota Statutes, section 86A.12, unless this section or the statutes referred to in this section provide more specific standards, criteria, or priorities for projects than Minnesota Statutes, section 86A.12.

**Subd. 2. Natural Resources Asset Preservation**

**31,652,000**

For the preservation and replacement of state-owned facilities and recreational assets operated by the commissioner of natural resources to be spent in accordance with Minnesota Statutes, section 84.946. Notwithstanding the specified uses of money under Minnesota Statutes, section 84.946,

the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 84.946, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a), and may also use this appropriation to replace buildings if, considering the embedded energy in the building, that is the most energy-efficient and carbon-reducing method of renovation. The report required under Minnesota Statutes, section 84.946, subdivision 4, shall include a list of projects that have been paid for with this appropriation.

**Subd. 3. Betterment of Buildings**

30,000,000

For acquisition, predesign, design, and construction to replace existing facilities that no longer meet the business needs of the department or to acquire or construct new facilities. Of this amount, \$10,000,000 is for the predesign, design, and construction of facility capital improvements and associated facility components at the Badoura State Forest Nursery.

**Subd. 4. Acquisition and Betterment of Public Lands**

2,500,000

(a) For the betterment of public lands and other improvements of a capital nature. The commissioner shall determine project priorities as appropriate under Minnesota Statutes, section 86A.12. Reforestation shall be conducted in accordance with Minnesota Statutes, section 89.002, subdivision 2.

(b) For acquisition of public lands for the purposes described in Minnesota Statutes, section 86A.12, subdivision 2. The commissioner shall determine project priorities as appropriate under Minnesota Statutes, section 86A.12.

**Subd. 5. Wildfire Aviation Infrastructure**

6,360,000

For site preparation, predesign, design, engineering, demolition, construction,

furnishing, and equipping new public safety facilities for aerial wildfire suppression, which may include grants to airport authorities. This appropriation includes money for the Hibbing airport and air tanker base buildings and associated utilities and systems.

**Subd. 6. Accessibility**

1,000,000

For the design and construction of accessibility improvements at state parks, recreation areas, and wildlife management areas.

**Subd. 7. Dam Renovation, Repair, Removal**

4,000,000

(a) For design, engineering, and construction to repair, reconstruct, or remove publicly owned dams and respond to dam safety emergencies on publicly owned dams. The commissioner shall determine project priorities as appropriate under Minnesota Statutes, sections 103G.511 and 103G.515.

(b) If the commissioner determines that a project is not ready to proceed, this appropriation may be used for other projects on the commissioner's priority list.

**Subd. 8. Flood Hazard Mitigation**

25,300,000

(a) For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161. To the extent practical, levee projects shall meet the state standard of three feet above the 100-year flood elevation.

(b) Project priorities shall be determined by the commissioner as appropriate, based on need and consideration of available leveraging of federal, state, and local funds.

(c) Notwithstanding paragraph (b), \$3,300,000 is for phase II of the Toelle Coulee project in Traverse County to mitigate flood risks posed to the city of Browns Valley, including construction of an East

Levee, County State-Aid Highway 2 culvert replacement, and marked Trunk Highway 28 culvert replacement.

(d) Notwithstanding paragraph (b), \$6,000,000 is for a grant to the city of Carver for capital improvements to restore the Carver levee protecting an important historic district in Minnesota from flood waters of the Minnesota River. This levee restoration must meet the requirements for FEMA certification. The project includes predesign, design, engineering, land acquisition, and construction of capital improvements, including raising the height of the Carver levee, constructing internal drainage, establishing maintainable setbacks to adjacent structures, and certification by FEMA.

(e) Notwithstanding paragraph (b), \$11,000,000 is for a grant to the city of Moorhead to design, construct, and equip flood mitigation infrastructure. This appropriation includes money for Phase 2 of the North Moorhead levee project, the relocation of sanitary lift station #2, and a levee project along First Avenue North.

(f) To the extent practicable and consistent with the project, recipients of appropriations for flood control projects in this subdivision shall create wetlands that are eligible for wetland replacement credit to replace wetlands drained or filled as the result of repair, reconstruction, replacement, or rehabilitation of an existing public road under Minnesota Statutes, section 103G.222, subdivision 1, paragraphs (l) and (m).

(g) To the extent that the cost of a municipal project exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

**Subd. 9. Canisteo Legacy Mine Pit Complex****8,875,000**

(a) For the acquisition of land or interests in land and for construction of publicly owned infrastructure to mitigate the imminent threat to public safety, property, and regional water quality from the rising water at the Canisteo legacy mine pit complex.

(b) Upon substantial completion of the project authorized in this subdivision and after written notice to the commissioner of management and budget, the commissioner of natural resources may use any money remaining in this appropriation to design, engineer, and construct publicly owned water mitigation infrastructure at the Hill annex open pit mining complex.

(c) Notwithstanding Minnesota Statutes, sections 92.50 and 282.04, or other law to the contrary, the commissioner and the county may enter into leases for this project for a term that is consistent with meeting project needs. A lease entered into under this subdivision must include a provision that provides for the amendment or termination of the lease when (1) the commissioner of natural resources determines that the project is no longer needed to serve the intended purpose or identifies a more effective alternative to the constructed project; or (2) mining operations are fully permitted to resume in all or part of the property acquired or improved with this appropriation.

**Subd. 10. Reforestation****3,000,000**

For reforestation and stand improvement on state forest lands to meet the reforestation requirements of Minnesota Statutes, section 89.002, subdivision 2, including purchasing native seeds and native seedlings, planting, seeding, site preparation, and protection on state lands administered by the commissioner.

**Subd. 11. Grant Administration**152,000

For administration of direct grants funded with an appropriation in this section.

**Subd. 12. Mill Towns State Trail**1,785,000

For land acquisition and construction of the Mill Towns State Trail from Prairie Street to County Road 79 in the city of Northfield.

**Subd. 13. Root River State Trail; Preston to Carimona**2,000,000

For acquisition of property, predesign, design, and engineering of the Root River State Trail under Minnesota Statutes, section 85.015, from the city of Preston to the city of Carimona.

**Subd. 14. Lower Minnesota River Watershed District; Minnesota River Riverbank Stabilization**2,750,000

For a grant to the Lower Minnesota River Watershed District for final design and construction of capital improvements necessary to stabilize the riverbank, prevent erosion, and prevent future degradation of the water quality of the Minnesota River resulting from Area 3 bank erosion in the city of Eden Prairie.

**Subd. 15. Ranier; Rainy Lake Marina**3,000,000

For a grant to the city of Ranier to predesign, design, engineer, construct, and equip a marina to provide up to 26 slips in a safe harbor on Rainy Lake and Rainy River at the Gateway to Voyageurs National Park. The marina will provide overnight transient boaters with water, electricity, and pump-out services.

**Subd. 16. Shakopee; Minnesota River Riverbank Stabilization**7,136,000

For a grant to the city of Shakopee to predesign, design, and construct the restoration of the Minnesota River riverbank from the western edge of downtown

Shakopee to The Landing in the Three Rivers  
Park District.

**Subd. 17. Shell Rock River Watershed District;  
Fountain Lake**

9,000,000

For a grant to the Shell Rock River  
Watershed District for sediment removal and  
cleanup of Fountain Lake.

**Subd. 18. Unspent Appropriations**

The unspent portion of an appropriation for  
a project in this section that is complete, upon  
written notice to the commissioner of  
management and budget, is available for  
asset preservation under Minnesota Statutes,  
section 84.946. Minnesota Statutes, section  
16A.642, applies from the date of the original  
appropriation to the unspent amount  
transferred.

**Sec. 7. POLLUTION CONTROL AGENCY**

**Subdivision 1. Total Appropriation**

**\$ 54,933,000**

To the Pollution Control Agency for the  
purposes specified in this section.

**Subd. 2. Andover; Drinking Water Contamination  
Mitigation**

6,100,000

(a) For a grant to the city of Andover for the  
design and construction of new municipal  
water mains, new water service lines on  
private property that connect to the municipal  
water mains, and for capping private wells  
in the city's Red Oaks neighborhood where  
testing has found contamination in private  
drinking water wells.

(b) Notwithstanding Minnesota Statutes,  
section 115B.17, subdivisions 6 and 16, any  
money recovered by the Pollution Control  
Agency in a civil action for expenses paid  
under this appropriation shall be transferred  
to the commissioner of management and  
budget for deposit in the general fund.

**Subd. 3. Pope-Douglas Solid Waste Management; Materials Recovery Facility**

12,833,000

For a grant to the Pope-Douglas Solid Waste Management Joint Powers Board under the solid waste capital assistance grant program under Minnesota Statutes, section 115A.54, to predesign, design, and construct the renovation of the existing Material Recovery Facility to add additional space for the installation of advanced processing equipment with the ability to process raw incoming municipal solid waste with the capability to switch over to processing single sort recycling.

**Subd. 4. Hennepin County; Anaerobic Digester**

26,000,000

For a grant to Hennepin County to predesign, design, construct, furnish, and equip a new anaerobic digestion facility in the city of Brooklyn Park.

This appropriation is not available until Hennepin County submits a plan for the cessation of operations at the Hennepin Energy Recovery Center to the chairs and ranking minority members of the legislative committees with primary jurisdiction over capital investment and environment and natural resources.

**Subd. 5. Olmsted County; Materials Recovery Facility**

10,000,000

For a capital assistance grant to Olmsted County under Minnesota Statutes, section 115A.54, to design, construct, and equip a new materials recovery facility to expand the county's current integrated solid waste management system by reclaiming materials and removing problematic items from the waste stream.

**Sec. 8. BOARD OF WATER AND SOIL RESOURCES**

**Subdivision 1. Total Appropriation**

**\$ 6,500,000**

To the Board of Water and Soil Resources for the purposes specified in this section.

**Subd. 2. Local Government Roads Wetland Replacement Program**

3,000,000

To acquire land or permanent easements and to restore, create, enhance, and preserve wetlands to replace those wetlands drained or filled as a result of the repair, reconstruction, replacement, or rehabilitation of existing public roads as required by Minnesota Statutes, section 103G.222, subdivision 1, paragraphs (l) and (m). Notwithstanding Minnesota Statutes, section 103G.222, subdivision 3, the board may implement the wetland replacement program consistent with section 404 of the federal Clean Water Act. The purchase price paid for acquisition of land or perpetual easement must be a fair market value as determined by the board. The board may enter into agreements with the federal government, other state agencies, political subdivisions, nonprofit organizations, fee title owners, or other qualified private entities to acquire wetland replacement credits in accordance with Minnesota Rules, chapter 8420. Up to five percent of this appropriation may be used for restoration and enhancement.

**Subd. 3. Reinvest in Minnesota (RIM) Reserve Program**

3,500,000

To acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands and associated uplands of prairie and grasslands, and to restore and enhance rivers and streams, riparian lands, and associated uplands of prairie and grasslands, in order to protect soil and water quality, support fish and wildlife habitat, reduce flood damage, and provide other public benefits. The provisions of Minnesota Statutes, section 103F.515, apply to this program. The board shall give priority to leveraging federal money by enrolling targeted new lands or enrolling

environmentally sensitive lands that have expiring federal conservation agreements. The board is authorized to enter into new agreements and amend past agreements with landowners as required by Minnesota Statutes, section 103F.515, subdivision 5, to allow for restoration. Up to five percent of this appropriation may be used for restoration and enhancement.

Sec. 9. AGRICULTURE

\$ 457,000

To the commissioner of administration to design, construct, and equip the renovation and repair of the plant protection division's potato inspection facility located in East Grand Forks. This appropriation may also be used to design and complete hazardous materials abatement.

Sec. 10. MINNESOTA ZOOLOGICAL GARDEN

\$ 15,120,000

To the Minnesota Zoological Board for capital asset preservation improvements and betterments to infrastructure and exhibits at the Minnesota Zoological Garden, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the board may use this appropriation to replace buildings that are in poor condition, outdated, and no longer support the work of the Minnesota Zoological Garden; to construct and renovate trails and roads at the Minnesota Zoological Garden; to replace the lakeside plaza infrastructure, including the stairs and ramp to the upper plaza; and to design, construct, furnish, and equip the renovation of related animal holding and mechanical spaces.

Sec. 11. ADMINISTRATION

Subdivision 1. Total Appropriation

\$ 13,846,000

To the commissioner of administration for the purposes specified in this section.

**Subd. 2. Capital Asset Preservation and Replacement Account**

5,000,000

To be spent in accordance with Minnesota Statutes, section 16A.632. Notwithstanding the specified uses of money under Minnesota Statutes, section 16A.632, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16A.632, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16A.632, subdivision 4, shall include a list of projects that have been paid for with this appropriation.

**Subd. 3. Capitol Complex - Physical Security Upgrades Phase II**

4,000,000

For the continuation of the design, construction, and equipping required to upgrade the physical security elements and systems for the Capitol Mall and the buildings listed in this subdivision, their attached tunnel systems, their surrounding grounds, and parking facilities as identified in the 2017 Minnesota State Capitol Complex Physical Security Predesign completed by Miller Dunwiddie and an updated assessment completed in 2022. Upgrades include but are not limited to the installation of bollards, blast protection, infrastructure security screen walls, door access controls, emergency call stations, surveillance systems, security kiosks, locking devices, and traffic and crowd control devices. This appropriation includes money for work associated with the following buildings: Andersen, Freeman, Minnesota Senate, Retirement Systems, Transportation, Administration, Ag/Health Lab, Capitol, Centennial, Governor's Residence, Judicial Center, Minnesota History Center, Capitol Complex Power Plant and Shops, Stassen, State Office, and Veterans Service.

**Subd. 4. Ford Building**4,542,000

(a) To design the abatement of hazardous materials and demolition of, and to demolish and abate hazardous materials at, the Ford Building and associated infrastructure located on the Capitol complex as the first phase of overall site redevelopment. This appropriation may also be used to design, construct, and equip improvements to maintain access to the Capitol complex tunnel system as well as to provide security, irrigation, and landscaping for the site.

(b) Notwithstanding Minnesota Statutes, chapter 15B, or the Comprehensive Plan for the Minnesota State Capitol Area, no additional study shall be required prior to a building permit being issued for the work authorized in this appropriation or to proceed with such work.

**Subd. 5. Sustainable Building Guidelines; Recommendations and Report**304,000

To develop recommendations for updating goals, measuring project performance in meeting the goals, applicability, compliance, waivers, outreach, and administration of the sustainable building guidelines under Minnesota Statutes, section 16B.325, in collaboration with the commissioner of commerce and the Center for Sustainable Building Research at the University of Minnesota. The commissioner of administration may contract with the commissioner of commerce and the Center for Sustainable Building Research at the University of Minnesota for assistance in developing the recommendations, including obtaining input from public owners, nonprofit owners, design professionals, and other stakeholders. The commissioner of administration must provide a report of findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, energy finance and

policy, and environment finance and policy on or before October 15, 2023.

Sec. 12. AMATEUR SPORTS COMMISSION

Subdivision 1. Total Appropriation \$ 8,400,000

To the Minnesota Amateur Sports Commission for the purposes specified in this section.

Subd. 2. Asset Preservation 4,400,000

For asset preservation improvements and betterments of a capital nature at the National Sports Center in Blaine, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall include a list of projects that have been paid for with this appropriation.

Subd. 3. Skate Park Grants 4,000,000

(a) For grants to cities, towns, counties, park boards, and school districts for the planning and building of public skate parks under Minnesota Statutes, section 240A.20, subdivision 3, with the assistance of the nonprofit consultant hired under paragraph (b).

(b) Of this appropriation, up to \$100,000 may be used to hire a Minnesota nonprofit consultant with expertise in public skate park development to assist the commission in developing and applying the criteria for awarding grants under Minnesota Statutes, section 240A.20, subdivision 3.



To the commissioner of public safety or other named entity for the purposes specified in this section.

**Subd. 2. State Emergency Operations Center** 11,392,000

To the commissioner of administration for the state emergency operations center. This appropriation is in addition to the appropriation for the same purpose in Laws 2020, Fifth Special Session chapter 3, article 1, section 15, subdivision 2.

**Subd. 3. BCA Maryland Building** 6,033,000

To the commissioner of administration to design, construct, renovate, equip, and furnish unfinished space in the Bureau of Criminal Apprehension building in St. Paul to provide new offices and to design, construct, and equip a new perimeter security fence and access controls at this site.

**Subd. 4. Grant Administration** 133,000

For the administration of direct grants funded with an appropriation in this section.

**Subd. 5. Dilworth; Fire Station** 4,378,000

For a grant to the city of Dilworth to demolish the joint fire station and community center and construct a new fire station in its place to provide emergency services to residents in the cities of Dilworth and Georgetown and to residents in the townships of Morken, Moorhead, Kragnes, and Oakport.

**Subd. 6. Edina; Community Health and Safety Center** 1,300,000

For a grant to the city of Edina to predesign and design a community health and safety center to be located in the southeast quadrant of the city.

**Subd. 7. Golden Valley; Fire Station** 3,172,000

For a grant to the city of Golden Valley to acquire and improve property, predesign, and

design a new fire station with space to provide regional training opportunities and other associated site improvements.

**Subd. 8. Hibbing; Public Safety Center** 3,000,000

For a grant to the city of Hibbing for property acquisition, predesign, and design of a regional public safety center for police, fire, emergency medical services, emergency operations, and other community needs.

**Subd. 9. Maplewood; East Metro Public Safety Training Facility** 75,000

For a grant to the city of Maplewood for a space needs and facility assessment and conceptual design of an expansion of the East Metro Public Safety Training Facility.

**Subd. 10. Lake Johanna; Fire Facility** 6,370,000

For a grant to the Lake Johanna Fire Department Headquarters Board, a joint powers entity established under agreement by the cities of Arden Hills, North Oaks, and Shoreview, for a public safety facility to house the Lake Johanna Fire Department. This appropriation is to construct, furnish, and equip a facility on land owned by the Lake Johanna Fire Department Headquarters Board to provide emergency fire and medical services.

**Subd. 11. Winona; Public Safety Center** 4,500,000

For a grant to the city of Winona to acquire real property for a site and to design a regional public safety center to collocate police, fire, and other public safety entities.

**Sec. 15. TRANSPORTATION**

**Subdivision 1. Total Appropriation** **\$ 144,077,000**

To the commissioner of transportation for the purposes specified in this section.

**Subd. 2. Local Road Improvement Program** 20,350,000

For eligible improvements on trunk highway corridor projects under Minnesota Statutes, section 174.52, subdivision 2; for construction and reconstruction of local roads with statewide or regional significance under Minnesota Statutes, section 174.52, subdivision 4; or for grants to counties to assist in paying the costs of rural road safety capital improvement projects on county state-aid highways under Minnesota Statutes, section 174.52, subdivision 4a.

**Subd. 3. Local Bridge Replacement Program**

20,317,000

To match federal money and to replace or rehabilitate local deficient bridges as provided in Minnesota Statutes, section 174.50.

**Subd. 4. Anoka County; Trunk Highway 65**

9,000,000

For one or more grants to the city of Blaine, Anoka County, or both for the predesign, right-of-way acquisition, design, engineering, and construction of intersection improvements along Trunk Highway 65 at 105th Avenue Northeast, and the associated frontage roads, backage roads, connecting local streets, and utility infrastructure improvements, if necessary or required for the construction.

**Subd. 5. Biwabik; City Infrastructure**

1,400,000

For a grant to the city of Biwabik to design and construct Phase 6 of the city's infrastructure improvement project. This appropriation includes money for the full reconstruction of Fifth Avenue North; First Street North, from First Avenue North to Sixth Avenue North; and Sixth Avenue South, including all associated utilities and other capital improvements.

**Subd. 6. Burnsville; Nicollet Avenue**

3,900,000

For predesign, right-of-way acquisition, design, engineering, and construction of grade separation and other capacity and safety improvements to the interchange at

marked Trunk Highway 13 and Nicollet Avenue in Burnsville.

**Subd. 7. Carver County; CSAH 18**

3,760,000

For one or more grants to the cities of Victoria, Chaska, or Chanhassen or Carver County, or any combination of these entities, for property or permanent easement acquisition, predesign, and design of construction of improvements to Carver County State-Aid Highway 18, known as West 82nd Street, from Bavaria Road to marked Trunk Highway 41. This project includes cross streets, off-street trails, a bridge over a ravine and trail, and utility relocations, installations, and connections.

**Subd. 8. Coon Rapids; Pedestrian Bridge**

3,500,000

For a grant to the city of Coon Rapids to design and construct a trail and pedestrian bridge, along with associated lighting and streetscaping improvements, for the Coon Creek Regional Trail over Anoka County State-Aid Highway 1 (Coon Rapids Boulevard) northwest of the intersection of Avocet Street and Coon Rapids Boulevard in Coon Rapids.

**Subd. 9. Douglas County; U.S. Highway 29**

2,000,000

For a grant to Douglas County to install a new box culvert under marked U.S. Highway 29 between Lake Le Homme Dieu and Lake Geneva and to regrade and reconstruct a portion of marked U.S. Highway 29 to accommodate the new culvert.

**Subd. 10. Fridley; Northtown Rail Yard Overpass**

4,000,000

For a grant to the city of Fridley to design the extension of 57th Avenue NE, including public utilities as necessary and a bridge and approach walls, across the BNSF Northtown Rail Yard from Main Street NE (Anoka County State-Aid Highway 102) westward to East River Road (Anoka County State-Aid Highway 1) in Fridley.

**Subd. 11. Inver Grove Heights; 117th Street Reconstruction**4,000,000

For one or more grants to the city of Inver Grove Heights, Dakota County, or both, to perform final design, acquire right-of-way, acquire easements, and reconstruct 117th Street from Rich Valley Boulevard (Dakota County Road 71), including intersection improvements thereto in both directions up to approximately 1,500 feet, to approximately 800 feet east of U.S. Highway 52 to improve safety, mobility, and traffic conditions. This appropriation includes the cost for relocation and construction of public utilities on 117th Street, including sanitary sewer, water main, and storm sewer facilities.

**Subd. 12. Madelia; Streets and Infrastructure**12,800,000

For a grant to the city of Madelia for infrastructure improvements to Center Avenue South from Old Highway 60 Southeast to Main Street, Main Street from Center Avenue South to Center Avenue North, Center Avenue North from Main Street to the northern city limit, and related work on adjacent streets. This project includes the preliminary design, design, construction, and installation of water, sewer, and storm sewer improvements, including removal and replacement of infrastructure and the associated reconstruction and renovation of Center Avenue.

**Subd. 13. Plymouth; Chankahda Trail**6,200,000

For a grant to the city of Plymouth for property acquisition and design of construction of roadway, utility, drainage, pedestrian facilities, and associated appurtenances, on Chankahda Trail, formerly known as Hennepin County Road 47, from Hennepin County State-Aid Highway 101 to Hennepin County State-Aid Highway 61.

**Subd. 14. Rochester; Park-and-Ride Facility**800,000

For a grant to the city of Rochester to design the construction of a park-and-ride parking facility on Broadway Avenue North.

**Subd. 15. Savage; Road and Bridge Improvements**800,000

For a grant to the city of Savage to predesign and design the expansion of Quentin Avenue and reconstruction of two railroad bridges that pass over Quentin Avenue. The project area for this project is from approximately 600 feet to the south to approximately 600 feet to the north of the two railroad bridges that pass over Quentin Avenue.

**Subd. 16. St. Cloud; Regional Airport**2,500,000

For a grant to the St. Cloud Regional Airport Authority to acquire property for and to complete environmental analysis, site preparation, construction, and equipping of improvements and betterments of a capital nature at the St. Cloud Regional Airport. This appropriation includes money to acquire and install an approach lighting system; to relocate and acquire upgrades to an instrument landing system serving Runway 31; and for major projects and site renovations to preserve or replace infrastructure to support ongoing operations at the St. Cloud Regional Airport.

**Subd. 17. St. Louis Park; Cedar Lake Road and Louisiana Avenue**5,000,000

For a grant to the city of St. Louis Park to predesign, design, and construct improvements to Cedar Lake Road from Jordan Avenue to Kentucky Avenue and Louisiana Avenue from Wayzata Boulevard to the railroad bridge south of Cedar Lake Road.

**Subd. 18. St. Paul; Third Street/Kellogg Boulevard Bridge and BRT Gold Line Readiness**21,750,000

For a grant to the city of St. Paul for the Third Street/Kellogg Boulevard bridge

project. This appropriation is in addition to the appropriation for the same purpose in Laws 2020, Fifth Special Session chapter 3, article 1, section 16, subdivision 19.

**Subd. 19. St. Paul Park; Third Street Collector Roadway**

7,000,000

For a grant to the city of St. Paul Park to predesign, design, engineer, construct, and equip the Third Street Collector Roadway Improvements Project. This appropriation includes money for the construction and reconstruction of Third Street from Broadway Avenue to 14th Avenue, pedestrian and bicycle safety improvements, and sanitary sewer, drinking water, and stormwater management infrastructure.

**Subd. 20. Washington County; Interchange at Trunk Highway 36 and Lake Elmo Avenue**

15,000,000

For a grant to Washington County for property acquisition and to predesign, design, construct, furnish, and equip a new interchange at marked Trunk Highway 36 and County State-Aid Highway 17, known as Lake Elmo Avenue, in Washington County.

**Sec. 16. METROPOLITAN COUNCIL**

**Subdivision 1. Total Appropriation**

**\$ 113,289,000**

To the Metropolitan Council for the purposes specified in this section.

**Subd. 2. Inflow and Infiltration Grants**

10,000,000

(a) For grants to cities within the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the Metropolitan Council's metropolitan sanitary sewer disposal system. Grants from this appropriation are for up to 50 percent of the cost to mitigate inflow and infiltration in the

publicly owned municipal wastewater collection systems. To be eligible for a grant, a city must be identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits. The council must award grants based on applications from cities that identify eligible capital costs and include a timeline for inflow and infiltration mitigation construction, pursuant to guidelines established by the council.

(b) This program must be administered in coordination with the metropolitan cities inflow and infiltration grant program proposed for coding as Minnesota Statutes, section 473.5491, if enacted.

**Subd. 3. Metropolitan Regional Parks and Trails**

5,534,000

For the cost of improvements and betterments of a capital nature and acquisition by the council and metropolitan parks implementing agencies as defined in Minnesota Statutes, section 473.351, of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.147. This appropriation must not be used to purchase easements.

**Subd. 4. Arterial Bus Rapid Transit**

44,500,000

For real property acquisition, predesign, design, engineering, and construction of arterial bus rapid transit, including utility relocation, demolition, and furnishing and equipping facilities for arterial bus rapid transit projects. The council must allocate the money among projects based on criteria in its transitway capital improvement plan including: consistency with the council's transportation policy plan; project readiness; potential current and forecasted ridership; expansion of the bus rapid transit system; availability of federal or other matching

funds; coordination with other major projects; and additional criteria for priorities otherwise specified in state law or rule applicable to bus rapid transit, including state law authorizing state bond fund appropriations for a bus rapid transit project.

**Subd. 5. Apple Valley Transit Station**

7,000,000

To complete design and to construct and renovate the Apple Valley Red Line 147th Street Station. This project includes the addition of a skyway to connect the northbound and southbound stations on either side of Cedar Avenue, constructing and renovating additional waiting areas, and renovating and upgrading other station facilities such as the staircases, elevators, and lighting.

**Subd. 6. Grant Administration**

285,000

For administration of direct grants funded with an appropriation in this section.

**Subd. 7. Champlin; Mississippi Crossings**

1,000,000

For a grant to the city of Champlin to design, construct, and equip a parking area, including related site improvements and infrastructure, for Mississippi Crossings. This appropriation includes money for charging stations for electric vehicles, an ADA-compliant trail, an event space, an outdoor performance area, and a municipal dock system.

**Subd. 8. Champlin; Park Land Acquisition**

1,250,000

For a grant to the city of Champlin for the acquisition of real property, as part of the city's parks and conservation initiative, along the Elm Creek Greenway Trail Corridor and adjacent to the Champlin Mill Pond.

**Subd. 9. St. Paul; Mississippi River Learning Center**

8,000,000

For a grant to the city of St. Paul for design of a Mississippi River Learning Center that will be located on a site in Crosby Farm Regional Park that includes the Watergate Marina site.

**Subd. 10. Dakota County; Minnesota River Greenway**5,000,000

For a grant to Dakota County for right-of-way acquisition and for predesign, design, engineering, and construction of pedestrian safety-related improvements, including grade-separated crossings of railroads and multilane highways in Dakota County. This appropriation includes money for the Minnesota River Regional Greenway in Fort Snelling State Park.

**Subd. 11. Dakota County; Thompson Park**2,000,000

For a grant to Dakota County for design of Thompson County Park Master Plan improvements, which may include a land bridge over Highway 52, a pollinator promenade, a sensory garden, restoration of historical stream corridor, farmstead interpretation, Dakota Lodge renovations, a sound wall, a greenway rest area with picnic shelter, and a sledding hill.

**Subd. 12. Dakota County; Veterans Memorial Greenway**5,000,000

For a grant to Dakota County for right-of-way acquisition, veteran-themed memorials, and design and construction of pedestrian safety-related improvements, including grade-separated crossings of railroads and multilane highways in Dakota County within the trail corridor between Lebanon Hills Regional Park and the Mississippi River. This appropriation is in addition to the appropriation for the same purpose in Laws 2020, Fifth Special Session chapter 3, article 1, section 17, subdivision 7.

**Subd. 13. Minneapolis Park Board; Grand Rounds Missing Link**5,000,000

For a grant to the Minneapolis Park and Recreation Board to design and construct trail connections for the Grand Rounds Missing Link on the east side of Minneapolis

between East River Road and St. Anthony Parkway.

**Subd. 14. Minneapolis Park Board; Cedar Riverside Recreation Center**

3,500,000

For a grant to the Minneapolis Park and Recreation Board to predesign and design the new Cedar Riverside Recreation Center to serve the largest immigrant population center in the state.

**Subd. 15. Ramsey County; Bruce Vento Regional Trail**

5,000,000

For a grant to Ramsey County to construct an approximately 2.7-mile extension of the Bruce Vento Regional Trail between Buerkle Road and the intersection of Hoffman Road/Trunk Highway 61 in the city of White Bear Lake.

**Subd. 16. Ramsey County; Park at RiversEdge**

6,220,000

For a grant to Ramsey County to acquire property for and to predesign and design a public realm in the city of St. Paul over a portion of Shepard Road and adjacent rail lines, including related infrastructure.

**Subd. 17. Ramsey County; Rice Street Revitalization**

1,000,000

For one or more grants to Ramsey County, the city of Maplewood, the city of St. Paul, or the city of Roseville for the Rice Street revitalization project, to improve safety for users in the corridor with a focus on pedestrians and bicyclists. This appropriation includes money for reconstruction of Rice Street (County State-Aid Highway 49) and on approach streets to support reconstruction of Rice Street from Wheelock Parkway in St. Paul to County Road B in Roseville and Maplewood.

**Subd. 18. Three Rivers Park District; Mississippi Gateway Regional Park**

3,000,000

For a grant to the Three Rivers Park District to design, engineer, construct, furnish, and equip the Mississippi Gateway Regional Park

development, including playground development, pedestrian trail connections, landscape restoration and enhancements, habitat restoration, visitor center, classroom space, and site amenities. This appropriation is in addition to the appropriation under Laws 2020, Fifth Special Session chapter 3, article 1, section 17, subdivision 12.

Sec. 17. **HUMAN SERVICES**

**Subdivision 1. Total Appropriation**

**§ 29,256,000**

To the commissioner of administration, or other named entity, for the purposes specified in this section.

**Subd. 2. Asset Preservation**

**4,300,000**

For asset preservation improvements and betterments of a capital nature at Department of Human Services facilities statewide, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall include a list of projects that have been paid for with this appropriation.

**Subd. 3. St. Peter Regional Treatment Center Campus; Phase 2**

**21,568,000**

To design, renovate, construct, furnish, and equip the second phase of a multiphase project to develop additional residential, program, activity, and ancillary facilities for the Minnesota sex offender program on the lower campus of the St. Peter Regional Treatment Center. This appropriation includes money to design, renovate,

construct, furnish, and equip the west, south, and north wings of Sunrise and the Tomlinson Building. This appropriation also includes money to: replace or renovate HVAC, plumbing, electrical, security, and life safety systems; address fire and life safety, and other building code deficiencies; replace windows and doors; tuck-point exterior building envelopes; reconfigure and remodel space; design and abate asbestos and other hazardous materials; remove or demolish nonfunctioning building components; and complete site work necessary to support the programmed use of the buildings.

**Subd. 4. Harriet Tubman Center East Renovation**

**3,388,000**

To the commissioner of human services for a grant to Tubman to design, construct, renovate, furnish, and equip capital improvements to the Harriet Tubman Center East building in the city of Maplewood. This appropriation includes money for installation of a public elevator, partial replacement of the roof, fire sprinklers, and electrical system improvements.

Any unspent portion of this appropriation remaining after completion of the projects listed in this subdivision, after written notice to the commissioner of human services, is available for additional improvements and betterments of a capital nature at the Harriet Tubman Center East building.

**Sec. 18. VETERANS AFFAIRS**

**Subdivision 1. Total Appropriation**

**\$ 85,365,000**

To the commissioner of administration for the purposes specified in this section.

**Subd. 2. Asset Preservation**

**7,600,000**

For asset preservation improvements and betterments of a capital nature at the veterans homes in Minneapolis, Hastings, Fergus Falls, Silver Bay, Luverne, and the state

veterans cemeteries at Little Falls, Preston, and Duluth, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall include a list of projects that have been paid for with this appropriation.

**Subd. 3. Hastings Veterans Home Campus Upgrade**

77,765,000

To predesign, design, construct, and equip the replacement of administrative and residential buildings and infrastructure at the Minnesota Veterans Home - Hastings Campus. This appropriation includes money to design and complete demolition of all or portions of buildings and other structures deemed unnecessary or undesirable for the development of the project, site preparation, asbestos removal and hazardous materials abatement, and the furnishing and equipping of the new buildings. The commissioner of veterans affairs may apply for federal funding for this project.

**Sec. 19. CORRECTIONS**

**\$ 28,000,000**

To the commissioner of administration for asset preservation improvement and betterments of a capital nature at the Minnesota correctional facilities statewide to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital

improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall include a list of projects that have been paid for with this appropriation.

**Sec. 20. EMPLOYMENT AND ECONOMIC DEVELOPMENT**

**Subdivision 1. Total Appropriation** **\$ 313,202,000**

To the commissioner of employment and economic development for the purposes specified in this section.

**Subd. 2. Greater Minnesota Business Development Public Infrastructure** **4,950,000**

For grants under Minnesota Statutes, section 116J.431.

**Subd. 3. Innovative Business Development Public Infrastructure** **750,000**

For grants under Minnesota Statutes, section 116J.435.

**Subd. 4. Administration of Local Grants** **1,520,000**

For the administration of direct grants funded with an appropriation in this section.

**Subd. 5. Apple Valley; Inclusive Playground** **1,410,000**

For a grant to the city of Apple Valley to predesign, design, construct, furnish, and equip an inclusive and accessible playground in the city of Apple Valley. "Inclusive and accessible playground" as used in this subdivision means a playground, planned and designed in partnership with community stakeholders, designed to be safe and accessible to all children including those with intellectual, developmental, or physical disabilities.

**Subd. 6. Aurora; Community Center**630,000

For a grant to the city of Aurora to construct improvements and betterments of a capital nature to the community center facility. This appropriation includes major projects to preserve or replace windows, roofing, mechanical or electrical systems, utility infrastructure, safety systems, and site renovations to support ongoing operations including energy conservation and accessibility improvements.

**Subd. 7. Bigfork; Community Center**1,500,000

For a grant to the city of Bigfork to design and construct the renovation and expansion of the Bigfork community center. This appropriation may be used to add a community strength training, fitness, and wellness center; public restrooms accessible from the multiuse Bigfork River Walk Trail; and new locker rooms and related amenities for the Bigfork school.

**Subd. 8. Bloomington; Public Health Facility**1,800,000

For a grant to the city of Bloomington to predesign and design a public health facility in the city of Bloomington to serve people who live and work in the cities of Bloomington, Edina, and Richfield.

**Subd. 9. Brooklyn Center; Health, Culture, and Recreation Community Center**5,100,000

For a grant to the city of Brooklyn Center to predesign and design a health, culture, and recreation facility.

**Subd. 10. Brooklyn Park; Community Activity Center**5,000,000

For a grant to the city of Brooklyn Park to design, construct, furnish, and equip the renovation of the Brooklyn Park Community Activity Center to convert an existing ice arena into a multicourt gymnasium space to serve as a regional competition and training

facility for basketball, volleyball, and pickleball.

**Subd. 11. Chisholm; Ice Arena and Curling Club** 3,000,000

For a grant to the city of Chisholm to predesign, design, and construct capital improvements to the existing Sports Arena and Curling Club, located in Chisholm, including replacing an existing ice plant serving both the hockey arena and the curling club, adding new heating mains and replacing curling mains, replacing the floor systems in both the hockey arena and the curling club, and installing dehumidification systems in both the hockey arena and the curling club.

**Subd. 12. Chisholm; Film Facility** 2,040,000

For a grant to the city of Chisholm to renovate 316 West Lake Street in the city of Chisholm into a filmmaking and film education facility.

**Subd. 13. Crystal; Aquatic Center** 2,350,000

For a grant to the city of Crystal to construct capital improvements for and to furnish and equip the renovation of the city's aquatic center in Grogan Park.

**Subd. 14. Duluth; Spirit Mountain** 11,000,000

For a grant to the city of Duluth to design and construct new facilities and to renew, replace, and repair existing facilities at the Spirit Mountain Recreation Area.

**Subd. 15. Embarrass Township; Timber Hall** 1,500,000

For a grant to the Embarrass Region Fair Association to design, engineer, construct, renovate, and repair improvements and betterments of a capital nature at the Timber Hall facility in Embarrass Township. This appropriation includes money for major projects to preserve or replace structures, electrical and plumbing systems, and interior and exterior site renovations to support ongoing operations.

**Subd. 16. Fridley; Inclusive Playground**500,000

For a grant to the city of Fridley to predesign, design, construct, furnish, and equip an inclusive and accessible playground at Commons Park in the city of Fridley. For the purposes of this subdivision, "inclusive and accessible playground" means a playground, planned and designed in partnership with community stakeholders, designed to be safe and accessible to all children including those with intellectual, developmental, or physical disabilities.

**Subd. 17. Hermantown; Ice Arena**6,500,000

For a grant to the city of Hermantown to predesign, design, construct, furnish, and equip an expansion and improvements to the hockey arena in the city of Hermantown, including adding a second sheet of indoor ice, locker rooms, dry land training area, ice plant, Zamboni room, and mezzanine, and renovating and reconfiguring existing space.

**Subd. 18. Hoyt Lakes; Community Recreation and Wellness Center**1,750,000

For a grant to the city of Hoyt Lakes for improvements of a capital nature to the community recreation and wellness center, including major projects to preserve or replace mechanical or electrical systems, utility infrastructure, safety systems, and site renovations to support ongoing operations including energy conservation and accessibility improvements.

**Subd. 19. Litchfield; Wellness Center**1,000,000

For a grant to the city of Litchfield to acquire land for and to predesign, design, construct, furnish, and equip a community wellness and recreation center that will include a gymnasium and general fitness spaces, a dedicated walking section, a community room, and any locker rooms and mechanical equipment needed for future additions to the facility. This appropriation is in addition to

the appropriation under Laws 2020, Fifth Special Session chapter 3, article 1, section 21, subdivision 25.

**Subd. 20. Litchfield; Building Facades**

2,025,000

For a grant to the city of Litchfield to rehabilitate building facades in the commercial historic district of the city of Litchfield, consistent with the standards for rehabilitation under Code of Federal Regulations, title 36, section 67.7, and guidance from the Minnesota Historical Society.

**Subd. 21. Maple Grove; Community Center**

6,000,000

For a grant to the city of Maple Grove to predesign and design the expansion and renovation of the Maple Grove Community Center.

**Subd. 22. Mendota Heights; Pilot Knob**

1,850,000

For a grant to the city of Mendota Heights for development of Oheyawahe (Pilot Knob), a culturally, historically, and environmentally important site and Dakota sacred site located at 2100 Pilot Knob Road in Mendota Heights, overlooking the confluence of the Mississippi and Minnesota Rivers, which is included on the National Register of Historic Places. This appropriation includes money to design and construct: multipurpose gathering spaces, interpretation structures, trail connections and walkways, parking, and other visitor amenities and infrastructure; grading, landscaping, and other site and natural resource improvements including the planting and restoration of native vegetation; and other betterments necessary to provide safe and improved visitor access and preserve the site as a public natural area.

**Subd. 23. Minneapolis; Central City Storm Tunnel**

5,000,000

For a grant to the city of Minneapolis for construction necessary to expand the Central City Storm Tunnel in Minneapolis. This appropriation is in addition to the

appropriation in Laws 2020, Fifth Special Session chapter 3, article 1, section 21, subdivision 26, for the same purpose.

**Subd. 24. Minnetonka; Hopkins Crossroad Trail**

1,635,000

For a grant to the city of Minnetonka to acquire property, complete predesign and design, construct, furnish, and equip a new off-street, multiuse trail along County State-Aid Highway 73, Hopkins Crossroad, from Cedar Lake Road to Wayzata Boulevard and Hillside Lane east of Hopkins Crossroad. This appropriation may be used for utility relocation to accommodate the trail.

**Subd. 25. Minnetonka; Opus Public Space**

725,000

For a grant to the city of Minnetonka to acquire property, predesign, and design a public space including a linear plaza, an interactive art and play area, a splash pad, a dog park, a great lawn, an amphitheater, shelters, trail connections, a bike share space, a bike parking space, and an overlook at a site adjacent to the Southwest Light Rail Transit Opus station.

**Subd. 26. I.S.D. No. 2149, Minnewaska; Central Square**

4,000,000

For a grant to Independent School District No. 2149, Minnewaska, to design, construct, renovate, equip, and furnish capital improvements, including roof replacement, to the Central Square Cultural and Civic Center in the city of Glenwood.

**Subd. 27. Oak Park Heights; Redevelopment**

2,190,000

For a grant to the city of Oak Park Heights to acquire property and to predesign and design public infrastructure for development of the Allen S. King power plant site in the city. Public infrastructure includes clean water systems, sanitary sewer systems, stormwater systems, roads, trails, and sidewalks.

**Subd. 28. Richfield; Wood Lake Nature Center****8,800,000**

For a grant to the city of Richfield to design and construct a new nature center building, and for the renovation of the site and trails at Wood Lake Nature Center. This appropriation may also be used for demolition costs associated with completing the project described in this subdivision.

**Subd. 29. Rochester; Parks and Forestry Operations Center****14,000,000**

For a grant to the city of Rochester to acquire property for and for predesign; design; site preparation, including demolition; construction; renovation; and furnishing and equipping an expansion of an existing public works and transit operations center facility to collocate the parks and forestry operations center and traffic operations in the facility.

**Subd. 30. St. Paul; Inclusive Playground****2,500,000**

For a grant to the city of St. Paul to construct, furnish, and equip an inclusive and accessible playground in the city of St. Paul. "Inclusive and accessible playground" as used in this subdivision means a playground, planned and designed in partnership with community stakeholders, designed to be safe and accessible to all children, including those with intellectual, developmental, or physical disabilities.

**Subd. 31. St. Paul; North End Community Center****6,000,000**

For a grant to the city of St. Paul for site preparation, park enhancements, and to construct, furnish, and equip a community center in the city's North End neighborhood.

**Subd. 32. St. Paul; Conway Recreation Center****2,500,000**

For a grant to the city of St. Paul for the repair, upgrade, and renovation of the existing structure; design, site preparation, and preconstruction services for an auxiliary storage facility; and improvements to increase security and safety at the Conway

Community Recreation Center in the city of St. Paul.

**Subd. 33. St. Paul Port Authority; Hillcrest Redevelopment - The Heights**

7,000,000

For a grant to the St. Paul Port Authority for design and construction of the redevelopment of the public areas at the former Hillcrest Golf Course site. This appropriation includes money for public rights-of-way, parkland, wetlands, stormwater infrastructure, and associated improvements to further economic development, jobs, housing, parkland, and net zero energy utilities and goals.

**Subd. 34. Savage; Sports Center**

600,000

For a grant to the city of Savage to construct drainage improvements and replace turf on athletic fields at the Savage Sports Center.

**Subd. 35. Woodbury; Central Park**

7,500,000

For a grant to the city of Woodbury to construct, furnish, and equip the expansion and renovation of the Woodbury Central Park building, a multiuse facility and regional gathering space that includes an indoor garden and amphitheater, indoor playground, meeting, programming, and event space.

**Subd. 36. 30,000 Feet; Technical Training Center**

2,500,000

For a grant to 30,000 Feet to design, construct, renovate, furnish, and equip a renovation and expansion of a Black Arts and Tech Center in the city of St. Paul.

**Subd. 37. Accessible Space**

1,150,000

For a grant to Accessible Space, Inc., for capital improvements of low-income accessible housing units located at 814 Iglehart Avenue, 825 Selby Avenue, and 135 to 154 Western Avenue South in the city of St. Paul; 1370 Curve Crest Boulevard in the city of Stillwater; and 1074 Roselawn Avenue West in the city of Roseville.

**Subd. 38. African Economic Development Solutions****1,500,000**

For a grant to African Economic Development Solutions to renovate and equip a building in St. Paul that will support business incubation, entrepreneurship, and workforce development in the African immigrant community.

**Subd. 39. African Career Education and Resource****3,000,000**

For a grant to African Career Education and Resource, Inc., to acquire, predesign, design, and renovate a building in Brooklyn Center that will support business development, business incubation, entrepreneurship, and workforce development in the Black community and in other communities of color.

**Subd. 40. Agate Housing and Services****5,000,000**

For a grant to Agate Housing and Services to design, construct, equip, and furnish a shelter facility in the city of Minneapolis for those experiencing homelessness.

**Subd. 41. Ain Dah Yung Center****2,200,000**

For a grant to the Ain Dah Yung (Our Home) Center to construct, furnish, and equip the renovation of the emergency shelter and youth lodge in the city of St. Paul. The renovations include tuckpointing, electric upgrades, ADA access, emergency fire escape, and bathroom renovation for the emergency shelter. This appropriation also includes money for roof replacement, electric upgrades, and ADA access for the youth lodge.

**Subd. 42. Anoka Area Ice Arena Association****487,000**

For a grant to the Anoka Area Ice Arena Association for reimbursement of costs incurred since March 2021, pursuant to design and construction plans made in contemplation of receipt of a general obligation bond proceeds grant that was

determined ineligible for general obligation bond proceeds in January 2023.

**Subd. 43. Hope 4 Youth**

8,000,000

For a grant to HOPE 4 Youth to acquire property, predesign, design, construct, furnish, and equip a youth homeless drop-in center in Anoka County.

**Subd. 44. Appetite For Change**

1,500,000

For a grant to Appetite for Change to acquire property, predesign, and design a facility that will provide access to food, workforce development, urban agriculture, and health and wellness services in the city of Minneapolis.

**Subd. 45. Avenues For Youth**

6,000,000

For a grant to Avenues for Youth to acquire property, predesign, and design a new expanded facility in North Minneapolis to provide space for the organization's existing North Minneapolis emergency shelter and transitional housing program, provide affordable housing for youth, and serve as the new administrative headquarters for Avenues for Youth.

**Subd. 46. Center for Asian and Pacific Islanders (CAPI)**

3,000,000

For a grant to CAPI to construct, furnish, and equip a new expansion to CAPI's Immigrant Opportunity Center on Brooklyn Boulevard in the city of Brooklyn Center. The center will expand access to wealth-building services.

**Subd. 47. Comunidades Latinas Unidas en Servicio (CLUES)**

3,500,000

For a grant to Comunidades Latinas Unidas en Servicio (CLUES) to acquire property and predesign a new Latino outreach facility at 2800 East Lake Street, Minneapolis. The new Economic Opportunity and Wellness Hub will provide workforce training, business incubators and technical assistance, a youth

technology center, behavioral health clinics, a food shelf, child care, and other high-demand community supports.

**Subd. 48. CornerHouse**

2,750,000

For a grant to CornerHouse to acquire property for a new facility in Hennepin County.

**Subd. 49. Cultural Wellness Center**

2,000,000

For a grant to the Cultural Wellness Center for acquisition of property; site preparation, including demolition; and improvements and betterments of a capital nature for Dreamland on 38th Street in the city of Minneapolis. This appropriation includes money for HVAC and mechanical system upgrades and storm water and utility improvements.

**Subd. 50. Division of Indian Work**

500,000

For a grant to the Division of Indian Work (DIW) to predesign the renovation of property it currently owns, which formerly served as a transitional housing facility for teen mothers, and the renovation and capital repairs of the DIW's existing facility at 1001 East Lake Street in the city of Minneapolis, to better carry out its mission of providing support and strength to urban American Indian people through a full spectrum of culturally based programming.

**Subd. 51. Duluth Historic Armory**

4,500,000

(a) For a grant to the Armory Arts and Music Center to design, construct, furnish, and equip the renovation of the historic Armory in the city of Duluth.

(b) This appropriation includes money for improvements for the Music Resource Center, the North Country Creative Center, and the Food Enterprise Center; interior building improvements, including structural enhancements to meet current applicable building codes; improvements for compliance with Americans with Disabilities Act (ADA)

requirements; and building systems, including mechanical, electrical, plumbing, and utility upgrades.

(c) This project must use design and construction methods to maximize consideration of energy efficiency and long-life cycle materials, while meeting the requirements of the federal National Parks Service, Secretary of Interior Standards for Rehabilitation.

(d) Due to the integrated nature of the overall development, public bidding is not required for this project.

**Subd. 52. East Side Neighborhood Services**

300,000

For a grant to East Side Neighborhood Services to predesign rehabilitation of an existing structure in Northeast Minneapolis, the Mobile Food Shelf Storage and Preparation Center. This rehabilitated structure shall physically connect and integrate the food security and accesswork of East Side Neighborhood Services with the existing services for older adults, families and children, community food partners, economic development and job pathways programs, and the educational efforts to teach youth about food systems, urban agriculture, and sustainability.

**Subd. 53. FilmNorth**

2,000,000

For a grant to FilmNorth to renovate property located at 2441 University Avenue in the city of St. Paul to serve as a filmmaking and film education facility.

**Subd. 54. Firefighters for Healing**

1,500,000

For a grant to Firefighters for Healing to acquire property for a new facility in Minneapolis near the Hennepin County Medical Center to provide temporary housing for burn victims, first responders, and their families.

**Subd. 55. Keystone Community Services****2,600,000**

For a grant to Keystone Community Services to renovate, furnish, and equip improvements to existing exterior enclosure, utilities, interior spaces, and other improvements of a capital nature for a new community food site in Ramsey County.

**Subd. 56. Indian Health Board****4,000,000**

For a grant to the Indian Health Board to construct a medical facility in the city of Minneapolis.

**Subd. 57. Irreducible Grace Foundation****1,500,000**

For a grant to the Irreducible Grace Foundation for demolition of 3,800 square feet of the Black Youth Healing Arts Center, and predesign and design of housing at 643 Virginia St. in St. Paul to be owned and managed by the Irreducible Grace Foundation for youth and young adults.

**Subd. 58. Isuroon****3,000,000**

For a grant to Isuroon to predesign, design, construct, and renovate the property located at 1600 East Lake Street, in the city of Minneapolis, to carry out the mission of the organization to support immigrant women and provide mental health counseling.

**Subd. 59. Latino Economic Development Center****3,500,000**

For a grant to the Latino Economic Development Center for replacement of mechanical systems, construction or renovation of interior spaces, and other improvements of a capital nature to their building that will operate as a small business incubator on Payne Avenue in the city of St. Paul and serve other community uses.

**Subd. 60. Leech Lake Health and Wellness Centers****24,000,000**

For a grant to the Leech Lake Band of Ojibwe for design, site preparation, including demolition, construction, engineering, furnishing, and equipping Leech Lake area

health and wellness centers to be located in the city of Cass Lake, the community of Kego Lake, and the community of Ball Club, that will provide space for health, wellness, and community gathering opportunities to both Tribal and non-Tribal members of the public.

**Subd. 61. Listening House**

2,500,000

For a grant to Listening House of St. Paul to renovate, remodel, furnish, and equip a building and parking lot on parcels located at 421, 423, and 423a East 7th Street in the city of St. Paul, including the construction of an addition, to serve as a permanent day shelter.

**Subd. 62. Little Earth Neighborhood Early Learning Center**

1,250,000

For a grant to the Little Earth Neighborhood Early Learning Center to predesign, design, and construct needed HVAC and other code upgrades within the existing building and to upgrade and add safety features to the outside play area.

**Subd. 63. Little Earth Residents Association**

3,500,000

For a grant to the Little Earth Residents Association for the predesign, design, and construction of the Little Earth Innovation Hub, which will contain a green house, aquaponics facility, commercial kitchen, office, and gathering space. The project also includes ADA upgrades to the facility.

**Subd. 64. Lower Phalen Creek Project**

2,500,000

For a grant to the Lower Phalen Creek Project to construct the Wakan Tipi Center in St. Paul, including construction of a reception area, classrooms, permanent and temporary exhibit space, community gathering area, and gallery space. This appropriation is in addition to the appropriation in Laws 2020, Fifth Special Session chapter 3, article 1, section 17, subdivision 11, for the same purpose.

**Subd. 65. Hmong 18 Council****3,000,000**

For a grant to Hmong 18 Council, Inc., to predesign, design, construct, renovate, furnish, and equip the Hmong Minnesota Community Center in the city of St. Paul. The center will serve Hmong families and the community. It will be a community space and a hub for culturally specific resources and social services.

**Subd. 66. MNI Sota Fund****1,000,000**

For a grant to MNI Sota Fund to acquire real property for and to design a new facility in the city of Minneapolis. MNI Sota Fund will create an Indigenous asset building center equipped with classrooms, office space, and a small business incubator to support aspiring American Indian entrepreneurs and homeowners.

**Subd. 67. Native American Community Clinic****4,500,000**

(a) For a grant to the Native American Community Clinic for site preparation and construction of an expansion of the clinic in the city of Minneapolis. This appropriation includes money for medical and dental exam rooms, additional laboratory and diagnostic space, and associated capital improvements that will facilitate additional patients.

(b) This appropriation is only for the Native American Community Clinic. The Native American Community Clinic may sell real property interests on the clinic property, the purchase and construction of which were funded by this and earlier appropriations, so long as: (1) the real property interests sold do not include the clinic, and (2) the rights and interests sold will be used for the purpose of developing affordable housing for the populations served by the clinic. In addition, the Native American Community Clinic may retain any sale proceeds so long as the sale proceeds are applied to the construction and expansion of the clinic for which this appropriation is being made.

**Subd. 68. New Native Theater**300,000

For a grant to the New Native Theater for predesign and design activities of a new and permanent 200-seat theater space. The new theater space will be colocated in the newly constructed Minneapolis American Indian Center.

**Subd. 69. Northrup King Building**1,720,000

For a grant to the ArtSpace for improvement and betterments of a capital nature to renovate and restore the historic Northrup King Building campus in the city of Minneapolis.

**Subd. 70. Northside Economic Opportunity Network**3,000,000

For a grant to the Northside Economic Opportunity Network, a 501(c)(3) nonprofit organization, for site preparation, including demolition, construction, furnishing, and equipping of a food business incubator facility in the city of Minneapolis to provide reliable and affordable resources for food entrepreneurs and business owners who are Black, Indigenous, and People of Color to start and grow food-based businesses.

**Subd. 71. Norway House**5,000,000

For a grant to Norway House to acquire land and predesign, design, construct, furnish, and equip a conference and event center at 913 East Franklin Avenue and adjacent property in Minneapolis to celebrate the culture of Norway and American Norwegians. This appropriation may be used to reimburse Norway House for project costs already paid by Norway House for this project after January 1, 2018.

**Subd. 72. Open Arms**500,000

For a grant to Open Arms of Minnesota to construct, renovate, furnish, and equip a new kitchen and nutrition counseling center in Ramsey County to expand access to

medically tailored meals for Minnesotans with life-threatening illnesses.

**Subd. 73. Playwrights' Center**

3,000,000

For a grant to the city of St. Paul for acquisition of the property located at 710 Raymond Avenue and to construct, furnish, and equip renovation of the building for use as a comprehensive play development program and workshop facility.

**Subd. 74. PROCEED**

5,000,000

For a grant to Progressive Center for Education and Economic Development (PROCEED), to design, construct, furnish, and equip a new community center on the east side of the city of St. Paul to support programming for the community, including but not limited to youth after-school programs, college preparation, and a health clinic.

**Subd. 75. Public Functionary**

450,000

For a grant to Public Functionary to predesign and design a community arts center in the northeast area of the city of Minneapolis to serve Black, Indigenous, people of color, LGBTQ, and emerging artists and entrepreneurs in a multiuse arts and culture space.

**Subd. 76. Red Lake Tribal College**

3,000,000

For a grant to the Red Lake Band of Chippewa Indians to complete construction and renovation of the Red Lake Nation Tribal College, Minneapolis location.

**Subd. 77. Tending the Soil MN**

500,000

For a grant to Tending the Soil MN, a 501(c)(3) nonprofit organization, to acquire property for a facility that will provide workforce development and job training, housing, and administrative and public gathering spaces in the city of Minneapolis. This appropriation is onetime and is available until the project is completed or abandoned,

subject to Minnesota Statutes, section 16A.642.

**Subd. 78. Rondo Innovation Campus**

1,000,000

For a grant to ReConnect Rondo to predesign and design the Rondo Innovation Campus in the city of St. Paul, a NetZero facility that will house multiple community services and a gathering space for the public.

**Subd. 79. Sanneh Foundation**

1,820,000

For a grant to the Sanneh Foundation to acquire property for and to predesign and design an Innovation Center in the city of St. Paul for community gathering, training, and for supportive housing to host teacher pathway candidates and future educators, nonprofit service providers, AmeriCorps members, and other community employees serving the public.

**Subd. 80. Simpson Housing Services**

5,000,000

For a grant to Simpson Housing Services to construct a shelter facility in the city of Minneapolis. For the purposes of this section, "shelter facility" means a facility having a primary purpose of providing a temporary shelter for the homeless in general, or for a specific homeless population, and does not require occupants to sign leases or occupancy agreements.

**Subd. 81. Somali Museum**

3,000,000

For a grant to the Somali Museum to predesign and design a facility in the city of Minneapolis to be used for a museum of Somali relics and artifacts, Somali cultural history, and education.

**Subd. 82. Southern Anoka Community Assistance**

2,500,000

For a grant to Southern Anoka Community Assistance to predesign, design, construct, engineer, furnish, and equip a facility in the city of Columbia Heights to provide food shelf services, grocery delivery for seniors

and people with disabilities, and basic needs support.

**Subd. 83. Special Guerilla Units Veterans Museum** 2,000,000

For a grant to the Special Guerrilla Units (SGU) Veterans and Families of the United States of America to acquire property for and to predesign, design, construct, furnish, and equip a museum in the city of St. Paul of SGU veterans' relics, artifacts, and history for educational efforts to teach the public about the history and cultural heritage of the Hmong in Minnesota.

**Subd. 84. Great River Children's Museum** 7,000,000

For a grant to Great River Children's Museum to construct, furnish, and equip capital improvements to renovate and expand a facility and outdoor exhibit space donated to the museum for the purpose of housing a children's museum in the city of St. Cloud.

**Subd. 85. The Link** 5,000,000

For a grant to The Link for land acquisition and to predesign, design, construct, furnish, and equip a new multiuse facility in North Minneapolis. The new building would include a youth program and recreational space, administrative and program office space, and between 40 to 45 new units of housing for unaccompanied homeless youth, sex-trafficked youth, and young families experiencing homelessness.

**Subd. 86. True Friends; Camp Courage** 3,000,000

For a grant to True Friends to predesign, design, and engineer a new recreation facility on the campus of Camp Courage, a conference and retreat center operated by True Friends that provides respite, camping, and recreational opportunities for children and adults with disabilities and their families.

**Subd. 87. Indigenous Peoples Task Force** 4,000,000

For a grant to the Indigenous Peoples Task Force to acquire land, predesign, design,

construct, furnish, and equip a 12,614-square-foot Mikwanedun Audisookon Center for Art and Wellness in the Phillips neighborhood in the city of Minneapolis to provide a spectrum of community services, including HIV and opioid harm reduction services, housing and navigation services, youth programs, and traditional foods and environment services.

**Subd. 88. Ukrainian Center**

1,800,000

For a grant to the Ukrainian American Community Center to predesign, design, and construct improvements and betterments of a capital nature to their facility in the city of Minneapolis to help the organization carry out its mission of preserving Ukrainian culture and heritage and assisting and serving refugees from Ukraine in the wake of Russia's invasion.

**Subd. 89. V3 Sports, Inc.**

12,000,000

For a grant to V3 Sports, Inc., to predesign, design, construct, furnish, and equip a community, aquatic, sports, and event center with a 50-meter competition swimming pool in the North Minneapolis neighborhood.

**Subd. 90. Walker|West Music Academy**

4,100,000

For a grant to Walker|West Music Academy to acquire property, predesign, and design a building in the city of St. Paul to support youth music education.

**Subd. 91. Wellstone Center**

2,150,000

For a grant to The Neighborhood House to renovate The Wellstone Center in the city of St. Paul.

**Subd. 92. WE WIN Institute**

3,500,000

For a grant to WE WIN Institute, Inc., to acquire property and predesign, design, construct, renovate, furnish, and equip capital improvements to provide academic, social, and culturally specific programming and food

services for Black students in the city of Minneapolis.

Sec. 21. **PUBLIC FACILITIES AUTHORITY**

**Subdivision 1. Total Appropriation** **\$ 236,860,000**

To the Public Facilities Authority for the purposes specified in this section.

**Subd. 2. State Match for Federal Grants to State Revolving Loan Programs** **41,000,000**

To match federal capitalization grants for the clean water revolving fund under Minnesota Statutes, section 446A.07, and the drinking water revolving fund under Minnesota Statutes, section 446A.081. This appropriation must be used for qualified capital projects.

**Subd. 3. Water Infrastructure Funding Program** **22,000,000**

(a) For grants to eligible municipalities under the water infrastructure funding program under Minnesota Statutes, section 446A.072.

(b) \$11,000,000 is for wastewater projects listed on the Pollution Control Agency's project priority list in the fundable range under the clean water revolving fund program.

(c) \$11,000,000 is for drinking water projects listed on the commissioner of health's project priority list in the fundable range under the drinking water revolving fund program.

(d) After all eligible projects under paragraph (b) or (c) have been funded in a fiscal year, the Public Facilities Authority may transfer any remaining, uncommitted money to eligible projects under a program defined in paragraph (b) or (c) based on that program's project priority list.

(e) The Public Facilities Authority must prioritize half of the appropriation under this subdivision for grants to eligible municipalities with a population of more than

20,000. If money from this appropriation remains after the fiscal year 2024 clean water and drinking water revolving fund application period has closed, the Public Facilities Authority may issue grants anywhere in the state without regard to population.

**Subd. 4. Point Source Implementation Grants Program**

22,000,000

For grants to eligible municipalities under the point source implementation grants program under Minnesota Statutes, section 446A.073. This appropriation must be used for qualified capital projects.

**Subd. 5. Lewis and Clark Joint Powers Board**

22,000,000

For a grant to the Lewis and Clark Joint Powers Board to acquire land for and to design, engineer, and construct facilities and infrastructure necessary for an expansion of the Lewis and Clark Regional Water System. This appropriation is not available until the Lewis and Clark Joint Powers Board pays to the commissioner of management and budget the total amount of federal money that it received or receives associated with the project that was funded by Laws 2014, chapter 295, section 11, subdivision 2, and Minnesota Statutes, section 16A.967, estimated to be \$39,003,078, by June 30, 2024. The commissioner must deposit this money in the general fund.

**Subd. 6. Arden Hills; Water and Sewer Improvements**

510,000

For a grant to the city of Arden Hills to construct water main and sanitary sewer replacement and improvements at the intersection of County Road E and Old Highway 10 (also known as Snelling Avenue North or County State-Aid Highway 76).

**Subd. 7. Austin; Wastewater Treatment Facility Improvements****14,500,000**

For a grant to the city of Austin to construct and equip improvements for upgrades to the city's wastewater treatment facility. This appropriation includes money for renovation, repairs, and replacement of infrastructure, equipment, and other components of the facility's wastewater treatment systems including site improvements to buildings and other structures as well as the costs of demolition associated with the project.

**Subd. 8. Babbitt; Water, Sewer, and Utility Improvements****2,000,000**

For a grant to the city of Babbitt to predesign, design, construct, and equip extensions of clean water, sanitary sewer, storm sewer, and utilities throughout the city. This appropriation also includes money for a new lift station, electrical and lighting infrastructure, and street construction and reconstruction for the West Development Housing Project.

**Subd. 9. Dayton; Wellhead Treatment Improvements****1,750,000**

For a grant to the city of Dayton to construct two wellhead treatment plants to improve the city's drinking water.

**Subd. 10. First District Association; Wastewater Industrial Pretreatment Facility****5,000,000**

For a grant to the First District Association, a dairy cooperative located in the city of Litchfield, to design, engineer, construct, equip, and furnish, a new wastewater industrial pretreatment facility in the city of Litchfield with a processing capacity of up to 1,750,000 gallons per day of high strength wastewater, a biosolids handling process, and renewable gas production.

**Subd. 11. Lincoln-Pipestone Rural Water System**11,500,000

For one or more grants to the Lincoln-Pipestone Rural Water System for the purposes described in this subdivision.

(1) \$4,000,000 of this appropriation is to design, construct, and equip a biological filtration and water treatment system for nitrate removal.

(2) \$2,500,000 of this appropriation is to design and construct capital improvements and betterments of a capital nature to water treatment facilities in Fortier Township, including contact basin and water storage improvements.

(3) \$5,000,000 of this appropriation is to acquire property and to design and construct water storage and distribution infrastructure, including booster stations and new water connecting pipelines.

**Subd. 12. Lino Lakes; Water Treatment Plant and Accompanying Water Utility Infrastructure**10,000,000

For a grant to the city of Lino Lakes to design, engineer, construct, furnish, and equip a water treatment facility, including accompanying water utility infrastructure.

**Subd. 13. Mankato; Water Treatment**25,000,000

For a grant to the city of Mankato for site preparation and to construct upgrades to the city's regional water resource recovery facility, including the disinfection upgrades improving water quality of the discharge to the Minnesota River.

**Subd. 14. Medicine Lake; Public Water System**3,500,000

For a grant to the city of Medicine Lake to design and construct capital improvements to the Medicine Lake public water system to meet Department of Health drinking water standards. This appropriation includes construction and reconstruction of drinking water and wastewater collection systems,

associated street improvements, and improvements for hydrant fire safety and suppression.

**Subd. 15. Minneapolis; Water Distribution Facility** 4,500,000

For a grant to the city of Minneapolis for predesign, design, engineering, and environmental analysis of the water distribution facility to be located in Hennepin County or Anoka County.

**Subd. 16. Mound; Clean Water Infrastructure** 3,000,000

For a grant to the city of Mound to predesign and design construction of a new clean water well, decommission and seal of wells No. 4 and No. 7, installation of a new water main between water towers 3 and 8, and capital improvements to the water treatment facility.

**Subd. 17. Osseo; Lift Stations** 1,600,000

For a grant to the city of Osseo to predesign, design, construct, and equip the renovation of three lift stations in the city of Osseo, including replacement of the HVAC systems, replacement of and upgrades to the equipment, and improvements to ensure the structural soundness of the lift stations.

**Subd. 18. Owatonna; Wastewater Treatment Improvements** 11,000,000

For a grant to the city of Owatonna to design, construct, and equip improvements to expand and upgrade the city's wastewater treatment facility.

**Subd. 19. Rice Lake; Water, Sewer, and Utilities Extension** 1,800,000

For a grant to the city of Rice Lake to acquire land for and predesign, design, construct, furnish, and equip extensions of clean water, sanitary sewer, storm sewer, and utilities, including a lift station, in the city of Rice Lake.

**Subd. 20. West St. Paul; Wastewater Infrastructure****1,700,000**

For a grant to the city of West St. Paul to design and construct the replacement of sanitary sewer lift station number 4 and force main number 4.

**Subd. 21. Western Lake Superior Sanitary District; Clarifiers****10,500,000**

For a grant to the Western Lake Superior Sanitary District to design, construct, and rehabilitate the number 1 and number 4 secondary clarifiers in the district's wastewater treatment system.

**Sec. 22. MINNESOTA HOUSING FINANCE AGENCY****\$ 30,000,000**

To the Minnesota Housing Finance Agency for transfer to the housing development fund to finance the costs of rehabilitation to preserve public housing under Minnesota Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing" means housing for low-income persons and households financed by the federal government and publicly owned or housing that has been repositioned under the federal Rental Assistance Demonstration or similar program. Priority may be given to proposals that maximize nonstate resources to finance the capital costs and requests that prioritize health, safety, and energy improvements and requests that prioritize long-term affordability. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not apply to this appropriation.

**Sec. 23. MINNESOTA HISTORICAL SOCIETY****Subdivision 1. Total Appropriation****\$ 3,700,000**

To the Minnesota Historical Society for the purposes specified in this section.

**Subd. 2. Historic Sites Asset Preservation**

3,000,000

For capital improvements and betterments at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments, to be spent in accordance with Minnesota Statutes, section 16B.307. The society shall determine project priorities as appropriate based on need. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the commissioner may use this appropriation for capital expenditures allowed under Minnesota Statutes, section 16B.307, that do not constitute betterments and capital improvements within the meaning of the Minnesota Constitution, article XI, section 5, clause (a). The report required under Minnesota Statutes, section 16B.307, subdivision 2, shall include a list of projects that have been paid for with this appropriation.

**Subd. 3. Morrison County; Weyerhaeuser Museum**

700,000

For a grant to the Morrison County Historical Society for repair and stabilization of the riverbank along the Mississippi River at the C.A. Weyerhaeuser Memorial Museum.

Sec. 24. **CANCELLATION.**

The amount of the general fund appropriations listed in the cancellation report submitted to the legislature in 2023, pursuant to Minnesota Statutes, section 16A.642, are canceled on the effective date of this section.

Sec. 25. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 2**

**MISCELLANEOUS**

Section 1. Minnesota Statutes 2022, section 116J.435, subdivision 1, is amended to read:

Subdivision 1. **Creation of account.** (a) An innovative business development public infrastructure account is created in the bond proceeds fund. Money in the account may only be used for capital costs of public infrastructure for eligible innovative business development projects.

(b) An innovative business development public infrastructure account is created in the general fund. The account consists of funds as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on a project receiving financial assistance as provided under this section.

Sec. 2. Minnesota Statutes 2022, section 116J.435, subdivision 7, is amended to read:

Subd. 7. **Repayment of grant.** If an eligible project supported by public infrastructure funded with a grant awarded under this section is not occupied by an innovative business in accordance with the grant application under subdivision 4 within five years after the date of the last grant payment, the grant recipient must repay the amount of the grant received. The commissioner must deposit all money received under this subdivision into the state treasury and credit it to the debt service account in the state bond fund if the grant was funded with state general obligation bond proceeds or to the general fund if the grant was funded with money from the general fund.

Sec. 3. Minnesota Statutes 2022, section 134.45, subdivision 5, is amended to read:

Subd. 5. **Qualification; accessibility grants.** A public library jurisdiction may apply for a grant in an amount up to ~~\$300,000~~ \$450,000 or 50 percent of the approved costs of removing architectural barriers from a building or site, whichever is less. Grants may be made only for projects in existing buildings used as a library, or to prepare another existing building for use as a library. Renovation of an existing building may include an addition to the building if the additional space is necessary to provide accessibility or if relocating public spaces to the ground level provides improved overall accessibility. Grants must not be used to pay part of the cost of meeting accessibility requirements in a new building.

Sec. 4. Minnesota Statutes 2022, section 240A.20, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For purposes of this section, "skate" means wheeled, nonmotorized recreation, including skateboarding, roller blading, ~~and roller skating, and not including cycling or BMX biking.~~

Sec. 5. Minnesota Statutes 2022, section 240A.20, subdivision 3, is amended to read:

Subd. 3. **Criteria for grants to local units of government for public skate parks.** (a) The commission shall administer a site selection process for the skate parks. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for a skate park must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(b) The skate park must be accessible to the public without charge for personal use.

(c) The skate park must be constructed of concrete.

(b)(d) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway, transit, or pedestrian or bike path.

(e)(e) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization, must accommodate noncompetitive family and community skating for all ages, and must encourage use of skate parks by a diverse population.

(f)(f) The commission will give priority to proposals that come from more than one local government unit.

(g)(g) The commission may also use the money to upgrade, ~~rehabilitate, or renovate~~ current facilities.

(h)(h) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(i)(i) A grant awarded under subdivision 2, clause (2), may not exceed ~~\$250,000~~ \$500,000 unless the grantee demonstrates that the facility will have a regional or statewide draw. A grant awarded under subdivision 2, clause (2), may be for up to ~~\$750,000~~ \$1,000,000 for a skate park with regional impact. A grant awarded under subdivision 2, clause (2), may be for up to \$2,000,000 for a skate park ~~with statewide draw~~ that has or will have more than 40,000 square feet.

(j)(j) In selecting projects to be awarded grants under this section, the commission must give priority to those projects that are designated by experts in the field of concrete skate park design and are to be constructed by professionals with experience in the construction of concrete skate parks.

(k)(k) To be eligible for a grant under this section, a local government must have engaged or must commit to engage youth in the planning, design, and programming for the concrete skate park.

Sec. 6. Minnesota Statutes 2022, section 240A.20, is amended by adding a subdivision to read:

Subd. 6. **Awarding a design-build contract.** Notwithstanding section 471.345, cities, towns, counties, park boards, and school districts may solicit and award a design-build or construction manager at-risk contract for a construction or upgrade project funded under this section on the basis of a best value selection process. The city, town, county, park board, or school district must consider at least three proposals when awarding a design-build contract under this section.

Sec. 7. Minnesota Statutes 2022, section 240A.20, is amended by adding a subdivision to read:

Subd. 7. **Availability of funds.** A grant of money from an appropriation under this program is available to each grantee until the project that is the subject of the grant is completed or abandoned, subject to section 16A.642.

Sec. 8. Laws 2021, First Special Session chapter 14, article 11, section 42, is amended to read:

Sec. 42. **APPROPRIATION; MEAT PROCESSING ~~BUSINESSES~~ BUSINESS IN REDEVELOPMENT AREA.**

Subdivision 1. **Grant.** Of an appropriation in fiscal year 2022 for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924, the commissioner of employment and economic development must grant \$6,000,000 ~~for one or more grants to any~~ to a business engaged in the meat processing industry and currently conducting operations in a building or buildings constructed on or before January 1, 1947, and located in ~~a city of the second class that was designated as a redevelopment area by the United States Department of Commerce under the Public Works and Economic Development Act of 1965, Public Law 89-136, title IV, section 401(a)(4)~~ the city of South St. Paul. ~~This appropriation includes:~~ The grant proceeds may be used for one or more of the following: site acquisition costs; relocation costs; predesign; design; sewer, water, and stormwater infrastructure; site preparation; engineering; and the cost of improvements to real property locally zoned to allow a meat processing land use ~~that are incurred by any qualified business under this section. A grantee under this section must work in consultation with a local government unit with jurisdiction over the area where the property is located on activities funded by the grant.~~ This is a onetime appropriation. ~~A grant issued under this section is not subject to the grant requirements under Minnesota Statutes, section 116J.9924.~~

Subd. 2. **Criteria.** A business selected by the commissioner of employment and economic development under this section shall meet the following criteria:

(1) the business applying for the grant must currently operate its meat processing business within the "Shoreland Overlay Zoning District" as depicted on the Official Zoning Map for the city of South St. Paul;

(2) the business applying for the grant must currently operate its meat processing business within a property not directly abutting a public street; and

(3) the business applying for the grant must currently operate its meat processing business in at least two separate, detached permanent structures.

**Sec. 9. EFFECTIVE DATE.**

This article is effective the day following final enactment."

Amend the title accordingly

And when so amended the bill do pass.

Senator Johnson questioned the reference thereon and, under Rule 21, the bill was referred to the Committee on Rules and Administration.

**REPORT OF VOTE IN COMMITTEE**

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the first Pratt amendment to H.F. No. 670.

There were yeas 5 and nays 6, as follows:

Those who voted in the affirmative were:

Senators Dahms, Draheim, Eichorn, Pratt, and Westrom.

Those who voted in the negative were:

Senators Champion, Frentz, Marty, Mohamed, Murphy, and Pappas.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the second Pratt amendment to H.F. No. 670.

There were yeas 5 and nays 7, as follows:

Those who voted in the affirmative were:

Senators Dahms, Draheim, Eichorn, Pratt, and Westrom.

Those who voted in the negative were:

Senators Champion, Frentz, Marty, Mohamed, Murphy, Pappas, and Wiklund.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the third Pratt amendment to H.F. No. 670.

There were yeas 5 and nays 7, as follows:

Those who voted in the affirmative were:

Senators Dahms, Draheim, Eichorn, Pratt, and Westrom.

Those who voted in the negative were:

Senators Champion, Frentz, Marty, Mohamed, Murphy, Pappas, and Wiklund.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the first Dahms amendment to H.F. No. 670.

There were yeas 5 and nays 7, as follows:

Those who voted in the affirmative were:

Senators Dahms, Draheim, Eichorn, Pratt, and Westrom.

Those who voted in the negative were:

Senators Champion, Frentz, Marty, Mohamed, Murphy, Pappas, and Wiklund.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the second Dahms amendment to H.F. No. 670.

There were yeas 5 and nays 7, as follows:

Those who voted in the affirmative were:

Senators Dahms, Draheim, Eichorn, Pratt, and Westrom.

Those who voted in the negative were:

Senators Champion, Frentz, Marty, Mohamed, Murphy, and Pappas.

The amendment was not adopted.

### **SECOND READING OF SENATE BILLS**

S.F. No. 3307 was read the second time.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 3035 and the Conference Committee Report thereon were reported to the Senate.

### **CONFERENCE COMMITTEE REPORT ON S.F. No. 3035**

A bill for an act relating to state government; establishing the biennial budget for the Department of Employment and Economic Development, Explore Minnesota, Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; modifying miscellaneous policy provisions; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 15.71, by adding subdivisions; 15.72, by adding a subdivision; 116J.5492, subdivisions 8, 10; 116J.55, subdivisions 1, 5, 6; 116J.871, subdivision 2; 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116L.361, subdivision 7; 116L.362, subdivision 1; 116L.364, subdivision 3; 116L.56, subdivision 2; 116L.561, subdivision 5; 116L.562, subdivision 2; 116U.05; 116U.10; 116U.15; 116U.20; 116U.30; 116U.35; 175.16, subdivision 1; 177.26, subdivisions 1, 2; 177.27, subdivisions 4, 7; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 181.14, subdivision 1; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.9435, subdivision 1; 181.9436; 182.654, subdivision 11; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.092, subdivision 6; 326B.096; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivisions 1, 4, by adding a subdivision; 326B.802, subdivision 15; 337.01, subdivision 3; 337.05, subdivision 1; 341.21, subdivisions 2a, 2b, 2c, 4f, 7, by adding a subdivision; 341.221; 341.25; 341.27; 341.28, subdivisions 2, 3, by adding subdivisions; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; 469.40, subdivision 11; 469.47, subdivisions 1, 5, 6; Laws 2021, First Special Session chapter 10, article 2, section 24; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; 116U; 179; 181; 182; 341; repealing Minnesota Statutes 2022, section 177.26, subdivision 3.

May 15, 2023

The Honorable Bobby Joe Champion  
President of the Senate

The Honorable Melissa Hortman  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3035 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 3035 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### LABOR POLICY

Section 1. Minnesota Statutes 2022, section 116J.871, subdivision 1, is amended to read:

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing ~~or~~; (2) financial assistance for new housing construction in which total financial assistance at a single project site is less than \$100,000; or (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units. For purposes of this paragraph, "affordable homeownership" means housing targeted at households with incomes, at initial occupancy, at or below 115 percent of the state or area median income, whichever is greater, as determined by the United States Department of Housing and Urban Development.

(c) "Financial assistance" means (1) a grant awarded by a state agency for economic development related purposes if a single business receives \$200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives \$500,000 or more of the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance

in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

Sec. 2. Minnesota Statutes 2022, section 116J.871, subdivision 2, is amended to read:

Subd. 2. **Prevailing wage required.** (a) A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6. The person receiving or benefiting from the financial assistance is also subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(b) For purposes of complying with section 177.30, paragraph (a), clauses (6) and (7), the state agency awarding the financial assistance is considered the contracting authority and the project is considered a public works project. The person receiving or benefiting from the financial assistance shall notify all employers on the project of the record keeping and reporting requirements in section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to the contracting authority.

Sec. 3. Minnesota Statutes 2022, section 175.16, subdivision 1, is amended to read:

Subdivision 1. **Established.** The Department of Labor and Industry shall consist of the following divisions: Division of Workers' Compensation, Division of Construction Codes and Licensing, Division of Occupational Safety and Health, Division of Statistics, Division of Labor Standards, and Division of Apprenticeship, and such other divisions as the commissioner of the Department of Labor and Industry may deem necessary and establish. Each division of the department and persons in charge thereof shall be subject to the supervision of the commissioner of the Department of Labor and Industry and, in addition to such duties as are or may be imposed on them by statute, shall perform such other duties as may be assigned to them by the commissioner. Notwithstanding any other law to the contrary, the commissioner is the administrator and supervisor of all of the department's dispute resolution functions and personnel and may delegate authority to compensation judges and others to make determinations under sections 176.106, 176.238, and 176.239 and to approve settlement of claims under section 176.521.

Sec. 4. Minnesota Statutes 2022, section 177.26, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The Division of Labor Standards ~~and Apprenticeship~~ in the Department of Labor and Industry is supervised and controlled by the commissioner of labor and industry.

Sec. 5. Minnesota Statutes 2022, section 177.26, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The Division of Labor Standards ~~and Apprenticeship~~ shall administer this chapter and chapters ~~178;~~ 181, 181A, and 184.

Sec. 6. Minnesota Statutes 2022, section 177.27, subdivision 4, as amended by Laws 2023, chapter 30, section 1, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 179.86, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.214 to 181.217, 181.275, subdivision 2a, 181.635, 181.722, 181.79, 181.85 to 181.89, 181.939 to 181.943, and 181.987, or with any rule promulgated under section 177.28, 181.213, or 181.215. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 7. Minnesota Statutes 2022, section 178.01, is amended to read:

#### **178.01 PURPOSES.**

The purposes of this chapter are: to open to all people regardless of race, sex, creed, color or national origin, the opportunity to obtain training and on-the-job learning that will equip them for profitable employment and citizenship; to establish as a means to this end, a program of voluntary apprenticeship under approved apprenticeship agreements providing facilities for their training and guidance in the arts, skills, and crafts of industry and trade or occupation, with concurrent, supplementary instruction in related subjects; to promote apprenticeship opportunities under conditions providing adequate training and on-the-job learning and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to establish an Apprenticeship Board and apprenticeship committees to assist in effectuating the purposes of this chapter; to provide for a Division of ~~Labor Standards and Apprenticeship~~ within the Department of Labor and Industry; to provide for reports to the legislature regarding the status of apprentice training in the state; to establish a procedure for the determination of apprenticeship agreement controversies; and to accomplish related ends.

Sec. 8. Minnesota Statutes 2022, section 178.011, subdivision 7, is amended to read:

Subd. 7. **Division.** "Division" means the department's ~~Labor Standards and Apprenticeship~~ Division, established under sections 175.16 and 178.03, and the State Apprenticeship Agency as defined in Code of Federal Regulations, title 29, part 29, section 29.2.

Sec. 9. Minnesota Statutes 2022, section 178.03, subdivision 1, is amended to read:

Subdivision 1. **Establishment of division.** There is established a Division of ~~Labor Standards and Apprenticeship~~ in the Department of Labor and Industry. This division shall be administered by a director, and be under the supervision of the commissioner.

Sec. 10. Minnesota Statutes 2022, section 178.11, is amended to read:

**178.11 LABOR EDUCATION ADVANCEMENT GRANT PROGRAM.**

The commissioner shall establish the labor education advancement grant program for the purpose of facilitating the participation or retention of minorities people of color, Indigenous people, and women in apprenticesable trades and occupations registered apprenticeship programs. The commissioner shall award grants to community-based and nonprofit organizations and Minnesota Tribal governments as defined in section 10.65, serving the targeted populations on a competitive request-for-proposal basis. Interested organizations shall apply for the grants in a form prescribed by the commissioner. As part of the application process, applicants must provide a statement of need for the grant, a description of the targeted population and apprenticeship opportunities, a description of activities to be funded by the grant, evidence supporting the ability to deliver services, information related to coordinating grant activities with other employment and learning programs, identification of matching funds, a budget, and performance objectives. Each submitted application shall be evaluated for completeness and effectiveness of the proposed grant activity.

Sec. 11. Minnesota Statutes 2022, section 179A.10, subdivision 2, is amended to read:

Subd. 2. **State employees.** (a) Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. Supervisory employees shall only be assigned to units 12, and 16, ~~and 18.~~ The following are the appropriate units of executive branch state employees:

- (1) law enforcement unit;
- (2) craft, maintenance, and labor unit;
- (3) service unit;
- (4) health care nonprofessional unit;
- (5) health care professional unit;
- (6) clerical and office unit;
- (7) technical unit;
- (8) correctional guards unit;
- (9) state university instructional unit;
- (10) state college instructional unit;
- (11) state university administrative unit;

- (12) professional engineering unit;
- (13) health treatment unit;
- (14) general professional unit;
- (15) professional state residential instructional unit;
- (16) supervisory employees unit;
- (17) public safety radio communications operator unit; ~~and~~
- (18) ~~law enforcement supervisors unit.~~ licensed peace officer special unit; and
- (19) licensed peace officer leader unit.

Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may only make changes in the schedule in existence on the day prior to August 1, 1984, as required by law or as provided in subdivision 4.

(b) The following positions are included in the licensed peace officer special unit:

- (1) State Patrol lieutenant;
- (2) NR district supervisor - enforcement;
- (3) assistant special agent in charge;
- (4) corrections investigation assistant director 2;
- (5) corrections investigation supervisor; and
- (6) commerce supervisor special agent.

(c) The following positions are included in the licensed peace officer leader unit:

- (1) State Patrol captain;
- (2) NR program manager 2 enforcement; and
- (3) special agent in charge.

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

Sec. 12. **[181.536] POSTING OF VETERANS' BENEFITS AND SERVICES.**

Subdivision 1. **Poster creation; content.** (a) The commissioner shall consult with the commissioner of veterans affairs to create and distribute a veterans' benefits and services poster.

(b) The poster must, at a minimum, include information regarding the following benefits and services available to veterans:

(1) contact and website information for the Department of Veterans Affairs and the department's veterans' services program;

(2) substance use disorder and mental health treatment;

(3) educational, workforce, and training resources;

(4) tax benefits;

(5) Minnesota state veteran drivers' licenses and state identification cards;

(6) eligibility for unemployment insurance benefits under state and federal law;

(7) legal services; and

(8) contact information for the U.S. Department of Veterans Affairs Veterans Crisis Line.

(c) The commissioner must annually review the poster's content and update the poster to include the most current information available.

Subd. 2. **Mandatory posting.** Every employer in the state with more than 50 full-time equivalent employees shall display the poster created pursuant to this section in a conspicuous place accessible to employees in the workplace.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 181.9435, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** The Division of Labor Standards ~~and Apprenticeship~~ shall receive complaints of employees against employers relating to sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436 and investigate informally whether an employer may be in violation of sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436. The division shall attempt to resolve employee complaints by informing employees and employers of the provisions of the law and directing employers to comply with the law. For complaints related to section 181.939, the division must contact the employer within two business days and investigate the complaint within ten days of receipt of the complaint.

Sec. 14. Minnesota Statutes 2022, section 181.9436, is amended to read:

**181.9436 POSTING OF LAW.**

The Division of Labor Standards ~~and Apprenticeship~~ shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections 181.940 to 181.9436. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

Sec. 15. Minnesota Statutes 2022, section 182.666, subdivision 1, is amended to read:

Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the

authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed ~~\$70,000~~ \$156,259 for each violation. The minimum fine for a willful violation is ~~\$5,000~~ \$11,162.

Sec. 16. Minnesota Statutes 2022, section 182.666, subdivision 2, is amended to read:

Subd. 2. **Serious violations.** Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed ~~\$7,000~~ \$15,625 for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to \$25,000 for each violation.

Sec. 17. Minnesota Statutes 2022, section 182.666, subdivision 3, is amended to read:

Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to ~~\$7,000~~ \$15,625 for each violation.

Sec. 18. Minnesota Statutes 2022, section 182.666, subdivision 4, is amended to read:

Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than ~~\$7,000~~ \$15,625 for each day during which the failure or violation continues.

Sec. 19. Minnesota Statutes 2022, section 182.666, subdivision 5, is amended to read:

Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to ~~\$7,000~~ \$15,625 for each violation.

Sec. 20. Minnesota Statutes 2022, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. **Increases for inflation.** (a) The commissioner shall increase the fines in subdivisions 1 to 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, to the amounts of the corresponding federal penalties for the specified violations promulgated in United States Code, title 29, section 666, subsections (a) and (b), as amended through November 5, 1990, and adjusted according to United States Code, title 28, section 2461, note (Federal Civil Penalties Inflation Adjustment), as amended through November 2, 2015. A maximum fine shall not be reduced under this subdivision. The fines shall be increased to the nearest one dollar.

(b) A fine increased under this subdivision takes effect on the next October 1 after any increases to the corresponding federal penalties and applies to all fines assessed on or after October 1.

(c) No later than September 1 of each year, the commissioner shall give notice in the State Register of any increases to the corresponding federal penalties and the resulting increase to the fines in subdivisions 1 to 5.

Sec. 21. **[182.677] ERGONOMICS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions in this subdivision apply unless otherwise specified.

(b) "Health care facility" means a hospital with a North American Industrial Classification system code of 622110, 622210, or 622310; an outpatient surgical center with a North American Industrial Classification system code of 621493; and a nursing home with a North American Industrial Classification system code of 623110.

(c) "Warehouse distribution center" means an employer with 100 or more employees in Minnesota and a North American Industrial Classification system code of 493110, 423110 to 423990, 424110 to 424990, 454110, or 492110.

(d) "Meatpacking site" means a meatpacking or poultry processing site with 100 or more employees in Minnesota and a North American Industrial Classification system code of 311611 to 311615, except 311613.

(e) "Musculoskeletal disorder" or "MSD" means a disorder of the muscles, nerves, tendons, ligaments, joints, cartilage, blood vessels, or spinal discs.

Subd. 2. **Ergonomics program required.** (a) Every licensed health care facility, warehouse distribution center, or meatpacking site in the state shall create and implement an effective written ergonomics program establishing the employer's plan to minimize the risk of its employees developing or aggravating musculoskeletal disorders. The ergonomics program shall focus on eliminating the risk. To the extent risk exists, the ergonomics program must include feasible administrative or engineering controls to reduce the risk.

(b) The program shall include:

(1) an assessment to identify and reduce musculoskeletal disorder risk factors in the facility;

(2) an initial and ongoing training of employees on ergonomics and its benefits, including the importance of reporting early symptoms of musculoskeletal disorders;

(3) a procedure to ensure early reporting of musculoskeletal disorders to prevent or reduce the progression of symptoms, the development of serious injuries, and lost-time claims;

(4) a process for employees to provide possible solutions that may be implemented to reduce, control, or eliminate workplace musculoskeletal disorders;

(5) procedures to ensure that physical plant modifications and major construction projects are consistent with program goals; and

(6) annual evaluations of the ergonomics program and whenever a change to the work process occurs.

Subd. 3. **Annual evaluation of program required.** There must be an established procedure to annually assess the effectiveness of the ergonomics program, including evaluation of the process to mitigate work-related risk factors in response to reporting of symptoms of musculoskeletal disorders by employees. The annual assessment shall determine the success of the implemented ergonomic solutions and whether goals set by the ergonomics program have been met.

Subd. 4. **Employee training.** (a) An employer subject to this section must train all employees on the following:

- (1) the name of each individual on the employer's safety committee;
- (2) the facility's ergonomic program;
- (3) the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them;
- (4) the procedures for reporting injuries and other hazards;
- (5) any administrative or engineering controls related to ergonomic hazards that are in place or will be implemented for their positions; and
- (6) the requirements of subdivision 9.

(b) New employees must be trained according to paragraph (a) prior to starting work. Current employees must receive initial training and ongoing annual training in accordance with the employer's ergonomics program. The employer must provide the training during working hours and compensate the employee for attending the training at the employee's standard rate of pay. All training must be in a language and with vocabulary that the employee can understand.

(c) Updates to the information conveyed in the training shall be communicated to employees as soon as practicable.

Subd. 5. **Involvement of employees.** Employers subject to this section must solicit feedback for its ergonomics program through its safety committee required by section 182.676, in addition to any other opportunities for employee participation the employer may provide. The safety committee must be directly involved in ergonomics worksite assessments and participate in the annual evaluation required by subdivision 3.

Subd. 6. **Workplace program or AWAIR.** An employer subject to this section must reference its ergonomics program in a written Workplace Accident and Injury Reduction (AWAIR) program required by section 182.653, subdivision 8.

Subd. 7. **Recordkeeping.** An employer subject to this section must maintain:

(1) a written certification dated and signed by each person who provides training and containing the name and job title of each employee who receives training pursuant to this section. The certifications must include the date training was conducted. The certification completed by the training providers must state that the employer has provided training consistent with the requirements of this section and include a brief summary or outline of the information that was included in the training session;

(2) a record of all worker visits to on-site medical or first aid personnel for the last five years, regardless of severity or type of illness or injury; and

(3) a record of all musculoskeletal disorders suffered by employees for the last five years.

Subd. 8. **Availability of records.** (a) The employer must ensure that the certification records required by subdivision 7, clause (1), are up to date and available to the commissioner, employees, and authorized employee representatives, if any, upon request.

(b) Upon the request of the commissioner, an employee who is a member of the facility's safety committee, or an authorized employee representative, the employer must provide the requestor a redacted version of the medical or first aid records and records of all musculoskeletal disorders. The name, contact information, and occupation of an employee, and any other information that would reveal the identity of an employee, must be removed in the redacted version. The redacted version must only include, to the extent it would not reveal the identity of an employee, the location where the employee worked, the date of the injury or visit, a description of the medical treatment or first aid provided, and a description of the injury suffered.

(c) The employer must also make available to the commissioner and the employee who is the subject of the records the unredacted medical or first aid records and unredacted records of musculoskeletal disorders required by subdivision 7, clause (2), upon request.

Subd. 9. **Reporting encouraged.** Any employer subject to this section must not institute or maintain any program, policy, or practice that discourages employees from reporting injuries, hazards, or safety and health standard violations, including ergonomic-related hazards and symptoms of musculoskeletal disorders.

Subd. 10. **Training materials.** The commissioner shall make training materials on implementation of this section available to all employers, upon request, at no cost as part of the duties of the commissioner under section 182.673.

Subd. 11. **Enforcement.** This section shall be enforced by the commissioner under sections 182.66 and 182.661. A violation of this section is subject to the penalties provided under section 182.666.

Subd. 12. **Grant program.** (a) The commissioner shall establish an ergonomics grant program to provide matching funding for employers who are subject to this section to make ergonomic improvements recommended by an on-site safety survey. Minnesota Rules, chapter 5203, applies to the administration of the grant program.

(b) To be eligible for a grant under this section, an employer must:

(1) be a licensed health care facility, warehouse distribution center, or meatpacking site as defined by subdivision 1;

(2) have current workers' compensation insurance provided through the assigned risk plan, provided by an insurer subject to penalties under chapter 176, or as an approved self-insured employer; and

(3) have an on-site safety survey with results that recommend specific equipment or practices that will reduce the risk of injury or illness to employees and prevent musculoskeletal disorders. This survey must have been conducted by a Minnesota occupational safety and health compliance investigator or workplace safety consultant, an in-house safety and health committee, a workers' compensation insurance underwriter, a private consultant, or a person under contract with the assigned risk plan.

(c) Grant funds may be used for all or part of the cost of the following:

(1) purchasing and installing recommended equipment intended to prevent musculoskeletal disorders;

(2) operating or maintaining recommended equipment intended to prevent musculoskeletal disorders;

(3) property, if the property is necessary to meet the recommendations of the on-site safety survey that are related to prevention of musculoskeletal disorders;

(4) training required to operate recommended safety equipment to prevent musculoskeletal disorders; and

(5) tuition reimbursement for educational costs related to identifying ergonomic-related issues that are related to the recommendations of the on-site safety survey.

(d) The commissioner shall evaluate applications, submitted on forms developed by the commissioner, based on whether the proposed project:

(1) is technically and economically feasible;

(2) is consistent with the recommendations of the on-site safety survey and the objective of reducing risk of injury or illness to employees and preventing musculoskeletal disorders;

(3) was submitted by an applicant with sufficient experience, knowledge, and commitment for the project to be implemented in a timely manner;

(4) has the necessary financial commitments to cover all project costs;

(5) has the support of all public entities necessary for its completion; and

(6) complies with federal, state, and local regulations.

(e) Grants under this section shall provide a match of up to \$10,000 for private funds committed by the employer to implement the recommended ergonomics-related equipment or practices.

(f) Grants will be awarded to all applicants that meet the eligibility and evaluation criteria under paragraphs (b), (c), and (d) until funding is depleted. If there are more eligible requests than funding, awards will be prorated.

(g) Grant recipients are not eligible to apply for another grant under chapter 176 until two years after the date of the award.

Subd. 13. **Standard development.** The commissioner may propose an ergonomics standard using the authority provided in section 182.655.

**EFFECTIVE DATE.** This section is effective January 1, 2024, except subdivisions 9 and 12 are effective July 1, 2023.

Sec. 22. Minnesota Statutes 2022, section 326B.092, subdivision 6, is amended to read:

Subd. 6. **Fees nonrefundable.** Application and examination fees, license fees, license renewal fees, and late fees are nonrefundable except for:

(1) license renewal fees received more than two years after expiration of the license, as described in section 326B.094, subdivision 2;

(2) any overpayment of fees; and

(3) if the license is not issued or renewed, the contractor recovery fund fee and any additional assessment paid under subdivision 7, paragraph (e).

Sec. 23. Minnesota Statutes 2022, section 326B.096, is amended to read:

### **326B.096 REINSTATEMENT OF LICENSES.**

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) retake the examination and achieve a passing score; and

(2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity.

(b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

Subd. 2. **Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

**Subd. 3. Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(2) pay a ~~\$100~~ \$25 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

Sec. 24. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

**Subd. 6a. Electric vehicle capable space.** "Electric vehicle capable space" means a designated automobile parking space that has electrical infrastructure, including but not limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution space necessary for the future installation of an electric vehicle charging station.

Sec. 25. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

**Subd. 6b. Electric vehicle charging station.** "Electric vehicle charging station" means a designated automobile parking space that has a dedicated connection for charging an electric vehicle.

Sec. 26. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

**Subd. 6c. Electric vehicle ready space.** "Electric vehicle ready space" means a designated automobile parking space that has a branch circuit capable of supporting the installation of an electric vehicle charging station.

Sec. 27. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

**Subd. 10a. Parking facilities.** "Parking facilities" includes parking lots, garages, ramps, or decks.

Sec. 28. Minnesota Statutes 2022, section 326B.103, subdivision 13, is amended to read:

Subd. 13. **State licensed facility.** "State licensed facility" means a building and its grounds that are licensed by the state as a hospital, nursing home, supervised living facility, assisted living facility, including assisted living facility with dementia care, free-standing outpatient surgical center, correctional facility, boarding care home, or residential hospice.

**EFFECTIVE DATE.** This section is effective August 1, 2023.

Sec. 29. Minnesota Statutes 2022, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall make a report on progress under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section shall be interpreted to limit the ability of a public utility to offer code support programs, or to claim energy savings resulting from such programs, through its energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241 or an energy conservation and optimization plan filed by a consumer-owned utility under section 216B.2403.

Sec. 30. Minnesota Statutes 2022, section 326B.106, subdivision 4, is amended to read:

Subd. 4. **Special requirements.** (a) **Space for commuter vans.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **Smoke detection devices.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **Doors in nursing homes and hospitals.** The State Building Code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) **Child care facilities in churches; ground level exit.** A licensed day care center serving fewer than 30 preschool age persons and which is located in a belowground space in a church building is exempt from the State Building Code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) **Family and group family day care.** Until the legislature enacts legislation specifying appropriate standards, the definition of dwellings constructed in accordance with the International Residential Code as adopted as part of the State Building Code applies to family and group family day care homes licensed by the Department of Human Services under Minnesota Rules, chapter 9502.

(f) **Enclosed stairways.** No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(g) **Double cylinder dead bolt locks.** No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of

double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(h) **Relocated residential buildings.** A residential building relocated within or into a political subdivision of the state need not comply with the State Energy Code or section 326B.439 provided that, where available, an energy audit is conducted on the relocated building.

(i) **Automatic garage door opening systems.** The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(j) **Exterior wood decks, patios, and balconies.** The code must permit the decking surface and upper portions of exterior wood decks, patios, and balconies to be constructed of (1) heartwood from species of wood having natural resistance to decay or termites, including redwood and cedars, (2) grades of lumber which contain sapwood from species of wood having natural resistance to decay or termites, including redwood and cedars, or (3) treated wood. The species and grades of wood products used to construct the decking surface and upper portions of exterior decks, patios, and balconies must be made available to the building official on request before final construction approval.

(k) **Bioprocess piping and equipment.** No permit fee for bioprocess piping may be imposed by municipalities under the State Building Code, except as required under section 326B.92 subdivision 1. Permits for bioprocess piping shall be according to section 326B.92 administered by the Department of Labor and Industry. All data regarding the material production processes, including the bioprocess system's structural design and layout, are nonpublic data as provided by section 13.7911.

(l) **Use of ungraded lumber.** The code must allow the use of ungraded lumber in geographic areas of the state where the code did not generally apply as of April 1, 2008, to the same extent that ungraded lumber could be used in that area before April 1, 2008.

~~(m) **Window cleaning safety.** The code must require the installation of dedicated anchorages for the purpose of suspended window cleaning on (1) new buildings four stories or greater; and (2) buildings four stories or greater, only on those areas undergoing reconstruction, alteration, or repair that includes the exposure of primary structural components of the roof. The commissioner shall adopt rules, using the expedited rulemaking process in section 14.389, requiring window cleaning safety features that comply with a nationally recognized standard as part of the State Building Code. Window cleaning safety features shall be provided for all windows on:~~

- ~~(1) new buildings where determined by the code; and~~
- ~~(2) existing buildings undergoing alterations where both of the following conditions are met:~~
  - ~~(i) the windows do not currently have safe window cleaning features; and~~
  - ~~(ii) the proposed work area being altered can include provisions for safe window cleaning.~~

~~The commissioner may waive all or a portion of the requirements of this paragraph related to reconstruction, alteration, or repair, if the installation of dedicated anchorages would not result in significant safety improvements due to limits on the size of the project, or other factors as determined by the commissioner.~~

(n) **Adult-size changing facilities.** The commissioner shall adopt rules requiring adult-size changing facilities as part of the State Building Code.

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

Sec. 31. Minnesota Statutes 2022, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. **Electric vehicle charging.** The code shall require a minimum number of electric vehicle ready spaces, electric vehicle capable spaces, and electric vehicle charging stations either within or adjacent to new commercial and multifamily structures that provide on-site parking facilities. Residential structures with fewer than four dwelling units are exempt from this subdivision.

Sec. 32. Minnesota Statutes 2022, section 326B.802, subdivision 15, is amended to read:

Subd. 15. **Special skill.** "Special skill" means one of the following eight categories:

(a) **Excavation.** Excavation includes work in any of the following areas:

- (1) excavation;
- (2) trenching;
- (3) grading; and
- (4) site grading.

(b) **Masonry and concrete.** Masonry and concrete includes work in any of the following areas:

- (1) drain systems;
- (2) poured walls;
- (3) slabs and poured-in-place footings;
- (4) masonry walls;
- (5) masonry fireplaces;
- (6) masonry veneer; and
- (7) water resistance and waterproofing.

(c) **Carpentry.** Carpentry includes work in any of the following areas:

- (1) rough framing;
- (2) finish carpentry;
- (3) doors, windows, and skylights;
- (4) porches and decks, excluding footings;

(5) wood foundations; and

(6) drywall installation, excluding taping and finishing.

(d) **Interior finishing.** Interior finishing includes work in any of the following areas:

(1) floor covering;

(2) wood floors;

(3) cabinet and counter top installation;

(4) insulation and vapor barriers;

(5) interior or exterior painting;

(6) ceramic, marble, and quarry tile;

(7) ornamental guardrail and installation of prefabricated stairs; and

(8) wallpapering.

(e) **Exterior finishing.** Exterior finishing includes work in any of the following areas:

(1) siding;

(2) soffit, fascia, and trim;

(3) exterior plaster and stucco;

(4) painting; and

(5) rain carrying systems, including gutters and down spouts.

(f) **Drywall and plaster.** Drywall and plaster includes work in any of the following areas:

(1) installation;

(2) taping;

(3) finishing;

(4) interior plaster;

(5) painting; and

(6) wallpapering.

(g) **Residential roofing.** Residential roofing includes work in any of the following areas:

(1) roof coverings;

- (2) roof sheathing;
  - (3) roof weatherproofing and insulation; ~~and~~
  - (4) repair of roof support system, but not construction of new roof support system; and
  - (5) penetration of roof coverings for purposes of attaching a solar photovoltaic system.
- (h) **General installation specialties.** Installation includes work in any of the following areas:
- (1) garage doors and openers;
  - (2) pools, spas, and hot tubs;
  - (3) fireplaces and wood stoves;
  - (4) asphalt paving and seal coating; ~~and~~
  - (5) ornamental guardrail and prefabricated stairs; and
  - (6) assembly of the support system for a solar photovoltaic system.

Sec. 33. **RULEMAKING AUTHORITY.**

The commissioner of labor and industry shall adopt rules, using the expedited rulemaking process in Minnesota Statutes, section 14.389, that set forth adult-size changing facilities to conform with the addition of Minnesota Statutes, section 326B.106, subdivision 4, paragraph (n), under this act.

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

Sec. 34. **REPEALER.**

Minnesota Statutes 2022, section 177.26, subdivision 3, is repealed.

## ARTICLE 2

### AGRICULTURE AND FOOD PROCESSING WORKERS

Section 1. Minnesota Statutes 2022, section 179.86, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of this section, "employer" means an employer in the meatpacking or poultry processing industry.

Sec. 2. Minnesota Statutes 2022, section 179.86, subdivision 3, is amended to read:

Subd. 3. **Information provided to employee by employer.** (a) At the start of employment, an employer must provide an explanation in an employee's native language of the employee's rights and duties as an employee ~~either both~~ person to person or and through written materials that, at a minimum, include:

- (1) a complete description of the salary and benefits plans as they relate to the employee;

- (2) a job description for the employee's position;
- (3) a description of leave policies;
- (4) a description of the work hours and work hours policy; ~~and~~
- (5) a description of the occupational hazards known to exist for the position; and

(6) when workers' compensation insurance coverage is required by chapter 176, the name of the employer's workers' compensation insurance carrier, the carrier's phone number, and the insurance policy number.

(b) The explanation must also include information on the following employee rights as protected by state or federal law and a description of where additional information about those rights may be obtained:

(1) the right to organize and bargain collectively and refrain from organizing and bargaining collectively;

(2) the right to a safe workplace; ~~and~~

(3) the right to be free from discrimination; and

(4) the right to workers' compensation insurance coverage.

(c) The Department of Labor and Industry shall provide a standard explanation form for use at the employer's option for providing the information required in this subdivision. The form shall be available in English and Spanish and additional languages upon request.

(d) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 3. Minnesota Statutes 2022, section 179.86, is amended by adding a subdivision to read:

Subd. 5. **Civil action.** An employee injured by a violation of this section has a cause of action for damages for the greater of \$1,000 per violation or twice the employee's actual damages, plus costs and reasonable attorney fees. A damage award shall be the greater of \$1,400 or three times actual damages for an employee injured by an intentional violation of this section.

Sec. 4. Minnesota Statutes 2022, section 179.86, is amended by adding a subdivision to read:

Subd. 6. **Fine.** The commissioner of labor and industry shall fine an employer not less than \$400 or more than \$1,000 for each violation of subdivision 3. The fine shall be payable to the employee aggrieved.

Sec. 5. Minnesota Statutes 2022, section 181.14, subdivision 1, is amended to read:

Subdivision 1. **Prompt payment required.** (a) When any such employee quits or resigns employment, the wages or commissions earned and unpaid at the time the employee quits or resigns shall be paid in full not later than the first regularly scheduled payday following the employee's final

day of employment, unless an employee is subject to a collective bargaining agreement with a different provision. Wages are earned and unpaid if the employee was not paid for all time worked at the employee's regular rate of pay or at the rate required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater. If the first regularly scheduled payday is less than five calendar days following the employee's final day of employment, full payment may be delayed until the second regularly scheduled payday but shall not exceed a total of 20 calendar days following the employee's final day of employment.

(b) Notwithstanding the provisions of paragraph (a), in the case of migrant workers, as defined in section 181.85, the wages or commissions earned and unpaid at the time the employee quits or resigns shall become due and payable within ~~five~~ three days thereafter.

Sec. 6. Minnesota Statutes 2022, section 181.635, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Employer" means a person who employs another to perform a service for hire. Employer includes any agent or attorney of an employer who, for money or other valuable consideration paid or promised to be paid, performs any recruiting.

(b) "Person" means a corporation, partnership, limited liability company, limited liability partnership, association, individual, or group of persons.

(c) "Recruits" means to induce an individual, directly or through an agent, to relocate to Minnesota or within Minnesota to work in food processing by an offer of employment or of the possibility of employment.

(d) "Food processing" means canning, packing, or otherwise processing poultry or meat for consumption.

(e) "Terms and conditions of employment" means the following:

(1) nature of the work to be performed;

(2) wage rate, nature and amount of deductions for tools, clothing, supplies, or other items;

(3) anticipated hours of work per week, including overtime;

(4) anticipated slowdown or shutdown or if hours of work per week vary more than 25 percent from clause (3);

(5) duration of the work;

(6) workers' compensation coverage and name, address, and telephone number of insurer and Department of Labor and Industry;

(7) employee benefits available, including any health plans, sick leave, or paid vacation;

(8) transportation and relocation arrangements with allocation of costs between employer and employee;

(9) availability and description of housing and any costs to employee associated with housing; and

(10) any other item of value offered, and allocation of costs of item between employer and employee.

Sec. 7. Minnesota Statutes 2022, section 181.635, subdivision 2, is amended to read:

Subd. 2. **Recruiting; required disclosure.** (a) An employer shall provide written disclosure of the terms and conditions of employment to a person at the time it recruits the person to relocate to work in the food processing industry. The disclosure requirement does not apply to an exempt employee as defined in United States Code, title 29, section 213(a)(1). The disclosure must be written in English and Spanish, or English and another language if the person's preferred language is not English or Spanish, dated and signed by the employer and the person recruited, and maintained by the employer for ~~two~~ three years. A copy of the signed and completed disclosure must be delivered immediately to the recruited person. The disclosure may not be construed as an employment contract.

(b) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 8. Minnesota Statutes 2022, section 181.635, subdivision 3, is amended to read:

Subd. 3. **Civil action.** A person injured by a violation of this section has a cause of action for damages for the greater of ~~\$500~~ \$1,000 per violation or twice their actual damages, plus costs and reasonable attorney's fees. A damage award shall be the greater of ~~\$750~~ \$1,400 or three times actual damages for a person injured by an intentional violation of this section.

Sec. 9. Minnesota Statutes 2022, section 181.635, subdivision 4, is amended to read:

Subd. 4. **Fine.** The Department of Labor and Industry shall fine an employer not less than ~~\$200~~ \$400 or more than ~~\$500~~ \$1,000 for each violation of this section. The fine shall be payable to the employee aggrieved.

Sec. 10. Minnesota Statutes 2022, section 181.635, subdivision 6, is amended to read:

Subd. 6. **Standard disclosure form.** The Department of Labor and Industry shall provide a standard form for use at the employer's option in making the disclosure required in subdivision 2. The form shall be available in English and Spanish and additional languages upon request.

Sec. 11. Minnesota Statutes 2022, section 181.85, subdivision 2, is amended to read:

Subd. 2. **Agricultural labor.** "Agricultural labor" means field labor associated with the cultivation and harvest of fruits and vegetables and work performed in processing fruits and vegetables for market, as well as labor performed in agriculture as defined in Minnesota Rules, part 5200.0260.

Sec. 12. Minnesota Statutes 2022, section 181.85, subdivision 4, is amended to read:

Subd. 4. **Employer.** "Employer" means ~~a processor of fruits or vegetables~~ an individual, partnership, association, corporation, business trust, or any person or group of persons that employs, either directly or indirectly through a recruiter, ~~more than 30~~ one or more migrant workers per day for more than seven days in any calendar year.

Sec. 13. Minnesota Statutes 2022, section 181.86, subdivision 1, is amended to read:

Subdivision 1. **Terms.** (a) An employer that recruits a migrant worker shall provide the migrant worker, at the time the worker is recruited, with a written employment statement which shall state clearly and plainly, in English and Spanish, or English and another language if the worker's preferred language is not English or Spanish:

(1) the date on which and the place at which the statement was completed and provided to the migrant worker;

(2) the name and permanent address of the migrant worker, of the employer, and of the recruiter who recruited the migrant worker;

(3) the date on which the migrant worker is to arrive at the place of employment, the date on which employment is to begin, the approximate hours of employment, and the minimum period of employment;

(4) the crops and the operations on which the migrant worker will be employed;

(5) the wage rates to be paid;

(6) the payment terms, as provided in section 181.87;

(7) any deduction to be made from wages; ~~and~~

(8) whether housing will be provided; and

(9) when workers' compensation insurance coverage is required by chapter 176, the name of the employer's workers' compensation insurance carrier, the carrier's phone number, and the insurance policy number.

(b) The Department of Labor and Industry shall provide a standard employment statement form for use at the employer's option for providing the information required in subdivision 1. The form shall be available in English and Spanish and additional languages upon request.

(c) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 14. Minnesota Statutes 2022, section 181.87, subdivision 2, is amended to read:

Subd. 2. **Biweekly pay.** The employer shall pay wages due to the migrant worker at least every two weeks, except on termination, when the employer shall pay within three days unless payment is required sooner pursuant to section 181.13.

Sec. 15. Minnesota Statutes 2022, section 181.87, subdivision 3, is amended to read:

Subd. 3. **Guaranteed hours.** The employer shall guarantee to each recruited migrant worker a minimum of 70 hours pay for work in any two successive weeks and, should the pay for hours actually offered by the employer and worked by the migrant worker provide a sum of pay less than the minimum guarantee, the employer shall pay the migrant worker the difference within three days after the scheduled payday for the pay period involved. Payment for the guaranteed hours shall be at the hourly wage rate, if any, specified in the employment statement, or the federal, state, or local minimum wage, whichever is ~~higher~~ highest. Any pay in addition to the hourly wage rate specified in the employment statement shall be applied against the guarantee. This guarantee applies for the minimum period of employment specified in the employment statement beginning with the date on which employment is to begin as specified in the employment statement. The date on which employment is to begin may be changed by the employer by written, telephonic, or telegraphic notice to the migrant worker, at the worker's last known physical address or email address, no later than ten days prior to the previously stated beginning date. The migrant worker shall contact the recruiter to obtain the latest information regarding the date upon which employment is to begin no later than five days prior to the previously stated beginning date. This guarantee shall be reduced, when there is no work available for a period of seven or more consecutive days during any two-week period subsequent to the commencement of work, by five hours pay for each such day, when the unavailability of work is caused by climatic conditions or an act of God, provided that the employer pays the migrant worker, on the normal payday, the sum of ~~\$5~~ \$50 for each such day.

Sec. 16. Minnesota Statutes 2022, section 181.87, subdivision 7, is amended to read:

Subd. 7. **Statement itemizing deductions from wages.** The employer shall provide a written statement at the time wages are paid clearly itemizing each deduction from wages. The written statement shall also comply with all other requirements for an earnings statement in section 181.032.

Sec. 17. Minnesota Statutes 2022, section 181.88, is amended to read:

#### **181.88 RECORD KEEPING.**

Every employer subject to the provisions of sections 181.85 to 181.90 shall maintain complete and accurate records ~~of the names of, the daily hours worked by, the rate of pay for and the wages paid each pay period to~~ for every individual migrant worker recruited by that employer; as required by section 177.30 and shall ~~preserve the records~~ also maintain the employment statements required under section 181.86 for a period of at least three years.

Sec. 18. Minnesota Statutes 2022, section 181.89, subdivision 2, is amended to read:

Subd. 2. **Judgment; damages.** If the court finds that any defendant has violated the provisions of sections 181.86 to 181.88, the court shall enter judgment for the actual damages incurred by the plaintiff or the appropriate penalty as provided by this subdivision, whichever is greater. The court may also award court costs and a reasonable attorney's fee. The penalties shall be as follows:

(1) whenever the court finds that an employer has violated the record-keeping requirements of section 181.88, ~~\$50~~ \$200;

(2) whenever the court finds that an employer has recruited a migrant worker without providing a written employment statement as provided in section 181.86, subdivision 1, ~~\$250~~ \$800;

(3) whenever the court finds that an employer has recruited a migrant worker after having provided a written employment statement, but finds that the employment statement fails to comply with the requirement of section 181.86, subdivision 1 or section 181.87, ~~\$250~~ \$800;

(4) whenever the court finds that an employer has failed to comply with the terms of an employment statement which the employer has provided to a migrant worker or has failed to comply with any payment term required by section 181.87, ~~\$500~~ \$1,600;

(5) whenever the court finds that an employer has failed to pay wages to a migrant worker within a time period set forth in section 181.87, subdivision 2 or 3, ~~\$500~~ \$1,600; and

(6) whenever penalties are awarded, they shall be awarded severally in favor of each migrant worker plaintiff and against each defendant found liable.

Sec. 19. Minnesota Statutes 2022, section 181.89, is amended by adding a subdivision to read:

Subd. 3. **Enforcement.** In addition to any other remedies available, the commissioner may assess the penalties in subdivision 2 and provide the penalty to the migrant worker aggrieved by the employer's noncompliance.

### ARTICLE 3

#### NURSING HOME WORKFORCE STANDARDS

##### Section 1. TITLE.

Minnesota Statutes, sections 181.211 to 181.217, shall be known as the "Minnesota Nursing Home Workforce Standards Board Act."

Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, 181.213, or 181.215, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. The commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the employee by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to a civil penalty of up to \$1,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private

attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing damages.

Sec. 3. **[181.211] DEFINITIONS.**

Subdivision 1. **Application.** The terms defined in this section apply to sections 181.211 to 181.217.

Subd. 2. **Board.** "Board" means the Minnesota Nursing Home Workforce Standards Board established under section 181.212.

Subd. 3. **Certified worker organization.** "Certified worker organization" means a worker organization that is certified by the board to conduct nursing home worker trainings under section 181.214.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of labor and industry.

Subd. 5. **Compensation.** "Compensation" means all income and benefits paid by a nursing home employer to a nursing home worker or on behalf of a nursing home worker, including but not limited to wages, bonuses, differentials, paid leave, pay for scheduling changes, and pay for training or occupational certification.

Subd. 6. **Employer organization.** "Employer organization" means:

(1) an organization that is exempt from federal income taxation under section 501(c)(6) of the Internal Revenue Code and that represents nursing home employers; or

(2) an entity that employers, who together employ a majority of nursing home workers in Minnesota, have selected as a representative.

Subd. 7. **Nursing home.** "Nursing home" means a nursing home licensed under chapter 144A, or a boarding care home licensed under sections 144.50 to 144.56.

Subd. 8. **Nursing home employer.** "Nursing home employer" means an employer of nursing home workers in a licensed, Medicaid-certified facility that is reimbursed under chapter 256R.

Subd. 9. **Nursing home worker.** "Nursing home worker" means any worker who provides services in a nursing home in Minnesota, including direct care staff, non-direct care staff, and contractors, but excluding administrative staff, medical directors, nursing directors, physicians, and individuals employed by a supplemental nursing services agency.

Subd. 10. **Worker organization.** "Worker organization" means an organization that is exempt from federal income taxation under section 501(c)(3), 501(c)(4), or 501(c)(5) of the Internal Revenue Code, that is not dominated or interfered with by any nursing home employer within the meaning of United States Code, title 29, section 158a(2), and that has at least five years of demonstrated experience engaging with and advocating for nursing home workers.

Sec. 4. **[181.212] MINNESOTA NURSING HOME WORKFORCE STANDARDS BOARD; ESTABLISHMENT.**

**Subdivision 1. Board established; membership.** (a) The Minnesota Nursing Home Workforce Standards Board is created with the powers and duties established by law. The board is composed of the following voting members:

(1) the commissioner of human services or a designee;

(2) the commissioner of health or a designee;

(3) the commissioner of labor and industry or a designee;

(4) three members who represent nursing home employers or employer organizations, appointed by the governor in accordance with section 15.066; and

(5) three members who represent nursing home workers or worker organizations, appointed by the governor in accordance with section 15.066.

(b) In making appointments under clause (4), the governor shall consider the geographic distribution of nursing homes within the state.

**Subd. 2. Terms; vacancies.** (a) Board members appointed under subdivision 1, clause (4) or (5), shall serve four-year terms following the initial staggered-lot determination.

(b) For members appointed under subdivision 1, clause (4) or (5), the governor shall fill vacancies occurring prior to the expiration of a member's term by appointment for the unexpired term. A member appointed under subdivision 1, clause (4) or (5), must not be appointed to more than two consecutive terms.

(c) A member serves until a successor is appointed.

**Subd. 3. Chairperson.** The board shall elect a member by majority vote to serve as its chairperson and shall determine the term to be served by the chairperson.

**Subd. 4. Staffing.** The commissioner may employ an executive director for the board and other personnel to carry out duties of the board under sections 181.211 to 181.217.

**Subd. 5. Board compensation.** Compensation of board members is governed by section 15.0575.

**Subd. 6. Application of other laws.** Meetings of the board are subject to chapter 13D. The board is subject to chapter 13. The board shall comply with section 15.0597.

**Subd. 7. Voting.** The affirmative vote of five board members is required for the board to take any action, including actions necessary to establish minimum nursing home employment standards under section 181.213.

**Subd. 8. Hearings and investigations.** To carry out its duties, the board shall hold public hearings on, and conduct investigations into, working conditions in the nursing home industry in accordance with section 181.213.

Subd. 9. **Department support.** The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner shall supply necessary office space and supplies to assist the board in its duties.

Subd. 10. **Antitrust compliance.** The board shall establish operating procedures that meet all state and federal antitrust requirements and may prohibit board member access to data to meet the requirements of this subdivision.

Subd. 11. **Annual report.** By December 1, 2023, and each December 1 thereafter, the executive director of the board shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over labor and human services on any actions taken and any standards adopted by the board.

Sec. 5. **[181.213] DUTIES OF THE BOARD; MINIMUM NURSING HOME EMPLOYMENT STANDARDS.**

Subdivision 1. **Authority to establish minimum nursing home employment standards.** (a) The board must adopt rules establishing minimum nursing home employment standards that are reasonably necessary and appropriate to protect the health and welfare of nursing home workers, to ensure that nursing home workers are properly trained about and fully informed of their rights under sections 181.211 to 181.217, and to otherwise satisfy the purposes of sections 181.211 to 181.217. Standards established by the board must include standards on compensation for nursing home workers, and may include recommendations under paragraph (c). The board may not adopt standards that are less protective of or beneficial to nursing home workers as any other applicable statute or rule or any standard previously established by the board unless there is a determination by the board under subdivision 2 that existing standards exceed the operating payment rate and external fixed costs payment rates included in the most recent budget and economic forecast completed under section 16A.103. In establishing standards under this section, the board must establish statewide standards, and may adopt standards that apply to specific nursing home occupations.

(b) The board must adopt rules establishing initial standards for wages for nursing home workers no later than August 1, 2024. The board may use the authority in section 14.389 to adopt rules under this paragraph. The board shall consult with the department in the development of these standards prior to beginning the rule adoption process.

(c) To the extent that any minimum standards that the board finds are reasonably necessary and appropriate to protect the health and welfare of nursing home workers fall within the jurisdiction of chapter 182, the board shall not adopt rules establishing the standards but shall instead recommend the occupational health and safety standards to the commissioner. The commissioner shall adopt nursing home health and safety standards under section 182.655 as recommended by the board, unless the commissioner determines that the recommended standard is outside the statutory authority of the commissioner, presents enforceability challenges, is infeasible to implement, or is otherwise unlawful and issues a written explanation of this determination.

Subd. 2. **Investigation of market conditions.** (a) The board must investigate market conditions and the existing wages, benefits, and working conditions of nursing home workers for specific geographic areas of the state and specific nursing home occupations. Based on this information, the

board must seek to adopt minimum nursing home employment standards that meet or exceed existing industry conditions for a majority of nursing home workers in the relevant geographic area and nursing home occupation. Except for standards exceeding the threshold determined in paragraph (d), initial employment standards established by the board are effective beginning January 1, 2025, and shall remain in effect until any subsequent standards are adopted by rules.

(b) The board must consider the following types of information in making determinations that employment standards are reasonably necessary to protect the health and welfare of nursing home workers:

(1) wage rate and benefit data collected by or submitted to the board for nursing home workers in the relevant geographic area and nursing home occupations;

(2) statements showing wage rates and benefits paid to nursing home workers in the relevant geographic area and nursing home occupations;

(3) signed collective bargaining agreements applicable to nursing home workers in the relevant geographic area and nursing home occupations;

(4) testimony and information from current and former nursing home workers, worker organizations, nursing home employers, and employer organizations;

(5) local minimum nursing home employment standards;

(6) information submitted by or obtained from state and local government entities; and

(7) any other information pertinent to establishing minimum nursing home employment standards.

(c) In considering wage and benefit increases, the board must determine the impact of nursing home operating payment rates determined pursuant to section 256R.21, subdivision 3, and the employee benefits portion of the external fixed costs payment rate determined pursuant to section 256R.25. If the board, in consultation with the commissioner of human services, determines the operating payment rate and employee benefits portion of the external fixed costs payment rate will increase to comply with the new employment standards, the board shall report to the legislature the increase in funding needed to increase payment rates to comply with the new employment standards and must make implementation of any new nursing home employment standards contingent upon an appropriation, as determined by sections 256R.21 and 256R.25, to fund the rate increase necessary to comply with the new employment standards.

(d) In evaluating the impact of the employment standards on payment rates determined by sections 256R.21 and 256R.25, the board, in consultation with the commissioner of human services, must consider the following:

(1) the statewide average wage rates for employees pursuant to section 256R.10, subdivision 5, and benefit rates pursuant to section 256R.02, subdivisions 18 and 22, as determined by the annual Medicaid cost report used to determine the operating payment rate and the employee benefits portion of the external fixed costs payment rate for the first day of the calendar year immediately following the date the board has established minimum wage and benefit levels;

(2) compare the results of clause (1) to the operating payment rate and employee benefits portion of the external fixed costs payment rate increase for the first day of the second calendar year after the adoption of any nursing home employment standards included in the most recent budget and economic forecast completed under section 16A.103; and

(3) if the established nursing home employment standards result in an increase in costs that exceed the operating payment rate and external fixed costs payment rate increase included in the most recent budget and economic forecast completed under section 16A.103, effective on the proposed implementation date of the new nursing home employment standards, the board must determine if the rates will need to be increased to meet the new employment standards and the standards must not be effective until an appropriation sufficient to cover the rate increase and federal approval of the rate increase is obtained.

(e) The budget and economic forecasts completed under section 16A.103 shall not assume an increase in payment rates determined under chapter 256R resulting from the new employment standards until the board certifies the rates will need to be increased and the legislature appropriates funding for the increase in payment rates.

Subd. 3. **Review of standards.** At least once every two years, the board shall:

(1) conduct a full review of the adequacy of the minimum nursing home employment standards previously established by the board; and

(2) following that review, adopt new rules, amend or repeal existing rules, or make recommendations to adopt new rules or amend or repeal existing rules for minimum nursing home employment standards using the expedited rulemaking process in section 14.389, as appropriate to meet the purposes of sections 181.211 to 181.217.

Subd. 4. **Variance and waiver.** The board shall adopt procedures for considering temporary variances and waivers of the established standards for individual nursing homes based on the board's evaluation of the risk of closure or receivership under section 144A.15, due to compliance with all or part of an applicable standard.

Subd. 5. **Conflict.** (a) In the event of a conflict between a standard established by the board in rule and a rule adopted by another state agency, the rule adopted by the board shall apply to nursing home workers and nursing home employers.

(b) Notwithstanding paragraph (a), in the event of a conflict between a standard established by the board in rule and a rule adopted by another state agency, the rule adopted by the other state agency shall apply to nursing home workers and nursing home employers if the rule adopted by the other state agency is adopted after the board's standard and the rule adopted by the other state agency is more protective or beneficial than the board's standard.

(c) Notwithstanding paragraph (a), if the commissioner of health determines that a standard established by the board in rule or recommended by the board conflicts with requirements in federal regulations for nursing home certification or with state statutes or rules governing licensure of nursing homes, the federal regulations or state nursing home licensure statutes or rules shall take precedence, and the conflicting board standard or rule shall not apply to nursing home workers or nursing home employers.

Subd. 6. **Effect on other agreements.** Nothing in sections 181.211 to 181.217 shall be construed to:

(1) limit the rights of parties to a collective bargaining agreement to bargain and agree with respect to nursing home employment standards; or

(2) diminish the obligation of a nursing home employer to comply with any contract, collective bargaining agreement, or employment benefit program or plan that meets or exceeds, and does not conflict with, the minimum standards and requirements in sections 181.211 to 181.217 or established by the board.

**Sec. 6. [181.214] DUTIES OF THE BOARD; TRAINING FOR NURSING HOME WORKERS.**

Subdivision 1. **Certification of worker organizations.** The board shall certify worker organizations that it finds are qualified to provide training to nursing home workers according to this section. The board shall by rule establish certification criteria that a worker organization must meet in order to be certified and provide a process for renewal of certification upon the board's review of the worker organization's compliance with this section. In adopting rules to establish certification criteria under this subdivision, the board may use the authority in section 14.389. The criteria must ensure that a worker organization, if certified, is able to provide:

(1) effective, interactive training on the information required by this section; and

(2) follow-up written materials and responses to inquiries from nursing home workers in the languages in which nursing home workers are proficient.

Subd. 2. **Curriculum.** (a) The board shall establish requirements for the curriculum for the nursing home worker training required by this section. A curriculum must at least provide the following information to nursing home workers:

(1) the applicable compensation and working conditions in the minimum standards or local minimum standards established by the board;

(2) the antiretaliation protections established in section 181.216;

(3) information on how to enforce sections 181.211 to 181.217 and on how to report violations of sections 181.211 to 181.217 or of standards established by the board, including contact information for the Department of Labor and Industry, the board, and any local enforcement agencies, and information on the remedies available for violations;

(4) the purposes and functions of the board and information on upcoming hearings, investigations, or other opportunities for nursing home workers to become involved in board proceedings;

(5) other rights, duties, and obligations under sections 181.211 to 181.217;

(6) any updates or changes to the information provided according to clauses (1) to (5) since the most recent training session;

(7) any other information the board deems appropriate to facilitate compliance with sections 181.211 to 181.217; and

(8) information on labor standards in other applicable local, state, and federal laws, rules, and ordinances regarding nursing home working conditions or nursing home worker health and safety.

(b) Before establishing initial curriculum requirements, the board must hold at least one public hearing to solicit input on the requirements.

Subd. 3. **Topics covered in training session.** A certified worker organization is not required to cover all of the topics listed in subdivision 2 in a single training session. A curriculum used by a certified worker organization may provide instruction on each topic listed in subdivision 2 over the course of up to three training sessions.

Subd. 4. **Annual review of curriculum requirements.** The board must review the adequacy of its curriculum requirements at least annually and must revise the requirements as appropriate to meet the purposes of sections 181.211 to 181.217. As part of each annual review of the curriculum requirements, the board must hold at least one public hearing to solicit input on the requirements.

Subd. 5. **Duties of certified worker organizations.** A certified worker organization:

(1) must use a curriculum for its training sessions that meets requirements established by the board;

(2) must provide trainings that are interactive and conducted in the languages in which the attending nursing home workers are proficient;

(3) must, at the end of each training session, provide attending nursing home workers with follow-up written or electronic materials on the topics covered in the training session, in order to fully inform nursing home workers of their rights and opportunities under sections 181.211 to 181.217;

(4) must make itself reasonably available to respond to inquiries from nursing home workers during and after training sessions; and

(5) may conduct surveys of nursing home workers who attend a training session to assess the effectiveness of the training session and industry compliance with sections 181.211 to 181.217 and other applicable laws, rules, and ordinances governing nursing home working conditions or worker health and safety.

Subd. 6. **Nursing home employer duties regarding training.** (a) A nursing home employer must submit written documentation to the board to certify that every two years each of its nursing home workers completes one hour of training that meets the requirements of this section and is provided by a certified worker organization. A nursing home employer may, but is not required to, host training sessions on the premises of the nursing home.

(b) If requested by a certified worker organization, a nursing home employer must, after a training session provided by the certified worker organization, provide the certified worker

organization with the names and contact information of the nursing home workers who attended the training session, unless a nursing home worker opts out according to paragraph (c).

(c) A nursing home worker may opt out of having the worker's nursing home employer provide the worker's name and contact information to a certified worker organization that provided a training session attended by the worker by submitting a written statement to that effect to the nursing home employer.

Subd. 7. **Training compensation.** A nursing home employer must compensate its nursing home workers at their regular hourly rate of wages and benefits for each hour of training completed as required by this section and reimburse any reasonable travel expenses associated with attending training sessions not held on the premises of the nursing home.

**Sec. 7. [181.215] REQUIRED NOTICES.**

Subdivision 1. **Provision of notice.** (a) Nursing home employers must provide notices informing nursing home workers of the rights and obligations provided under sections 181.211 to 181.217 of applicable minimum nursing home employment standards and local minimum standards and that for assistance and information, nursing home workers should contact the Department of Labor and Industry. A nursing home employer must provide notice using the same means that the nursing home employer uses to provide other work-related notices to nursing home workers. Provision of notice must be at least as conspicuous as:

(1) posting a copy of the notice at each work site where nursing home workers work and where the notice may be readily seen and reviewed by all nursing home workers working at the site; or

(2) providing a paper or electronic copy of the notice to all nursing home workers and applicants for employment as a nursing home worker.

(b) The notice required by this subdivision must include text provided by the board that informs nursing home workers that they may request the notice to be provided in a particular language. The nursing home employer must provide the notice in the language requested by the nursing home worker. The board must assist nursing home employers in translating the notice in the languages requested by their nursing home workers.

Subd. 2. **Minimum content and posting requirements.** The board must adopt rules under section 14.389 specifying the minimum content and posting requirements for the notices required in subdivision 1. The board must make available to nursing home employers a template or sample notice that satisfies the requirements of this section and rules adopted under this section.

**Sec. 8. [181.216] RETALIATION PROHIBITED.**

(a) A nursing home employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against a nursing home worker because the person has exercised or attempted to exercise rights protected under this act, including but not limited to:

(1) exercising any right afforded to the nursing home worker under sections 181.211 to 181.217;

(2) participating in any process or proceeding under sections 181.211 to 181.217, including but not limited to board hearings, board or department investigations, or other related proceedings; or

(3) attending or participating in the training required by section 181.214.

(b) It shall be unlawful for an employer to:

(1) inform another employer that a nursing home worker or former nursing home worker has engaged in activities protected under sections 181.211 to 181.217; or

(2) report or threaten to report the actual or suspected citizenship or immigration status of a nursing home worker, former nursing home worker, or family member of a nursing home worker to a federal, state, or local agency for exercising or attempting to exercise any right protected under this act.

(c) A person found to have experienced retaliation in violation of this section shall be entitled to back pay and reinstatement to the person's previous position, wages, benefits, hours, and other conditions of employment.

#### Sec. 9. [181.217] ENFORCEMENT.

Subdivision 1. **Minimum nursing home employment standards.** Except as provided in section 181.213, subdivision 4, paragraph (b) or (c), the minimum wages and other compensation established by the board in rule as minimum nursing home employment standards shall be the minimum wages and other compensation for nursing home workers or a subgroup of nursing home workers as a matter of state law. Except as provided in section 181.213, subdivision 4, paragraph (b) or (c), it shall be unlawful for a nursing home employer to employ a nursing home worker for lower wages or other compensation than that established as the minimum nursing home employment standards.

Subd. 2. **Investigations.** The commissioner may investigate possible violations of sections 181.214 to 181.217 or of the minimum nursing home employment standards established by the board whenever it has cause to believe that a violation has occurred, either on the basis of a report of a suspected violation or on the basis of any other credible information, including violations found during the course of an investigation.

Subd. 3. **Civil action by nursing home worker.** (a) One or more nursing home workers may bring a civil action in district court seeking redress for violations of sections 181.211 to 181.217 or of any applicable minimum nursing home employment standards or local minimum nursing home employment standards. Such an action may be filed in the district court of the county where a violation or violations are alleged to have been committed or where the nursing home employer resides, or in any other court of competent jurisdiction, and may represent a class of similarly situated nursing home workers.

(b) Upon a finding of one or more violations, a nursing home employer shall be liable to each nursing home worker for the full amount of the wages, benefits, and overtime compensation, less any amount the nursing home employer is able to establish was actually paid to each nursing home worker, and for an additional equal amount as liquidated damages. In an action under this subdivision, nursing home workers may seek damages and other appropriate relief provided by section 177.27, subdivision 7, or otherwise provided by law, including reasonable costs, disbursements, witness

fees, and attorney fees. A court may also issue an order requiring compliance with sections 181.211 to 181.217 or with the applicable minimum nursing home employment standards or local minimum nursing home employment standards. A nursing home worker found to have experienced retaliation in violation of section 181.216 shall be entitled to back pay and reinstatement to the worker's previous position, wages, benefits, hours, and other conditions of employment.

(c) An agreement between a nursing home employer and nursing home worker or labor union that fails to meet the minimum standards and requirements in sections 181.211 to 181.217 or established by the board is not a defense to an action brought under this subdivision.

#### Sec. 10. INITIAL APPOINTMENTS.

The governor shall make initial appointments to the Minnesota Nursing Home Workforce Standards Board under Minnesota Statutes, section 181.212, no later than August 1, 2023. Notwithstanding Minnesota Statutes, section 181.212, subdivision 2, the initial terms of members appointed under Minnesota Statutes, section 181.212, subdivision 1, clauses (4) and (5), shall be determined by lot by the secretary of state and shall be as follows:

(1) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, clauses (4) and (5), shall serve a two-year term;

(2) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, clauses (4) and (5), shall serve a three-year term; and

(3) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, clauses (4) and (5), shall serve a four-year term.

The commissioner of labor and industry must convene the first meeting within 30 days after the governor completes appointments to the board. The board must elect a chair at its first meeting.

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

## ARTICLE 4

### COMBATIVE SPORTS

Section 1. Minnesota Statutes 2022, section 341.21, subdivision 2a, is amended to read:

Subd. 2a. **Combatant.** "Combatant" means an individual who employs the act of attack and defense as a professional boxer, professional or amateur tough person, ~~martial artist~~ professional or amateur kickboxer, or professional or amateur mixed martial artist while engaged in a combative sport.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 341.21, subdivision 2b, is amended to read:

Subd. 2b. **Combative sport.** "Combative sport" means a sport that employs the act of attack and defense with the fists, with or without using padded gloves, or feet that is practiced as a sport under the rules of the Association of Boxing Commissions, unified rules for mixed martial arts, or

their equivalent. Combative sports include professional boxing ~~and~~, professional and amateur tough person, professional or amateur kickboxing, and professional and amateur mixed martial arts contests.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 341.21, subdivision 2c, is amended to read:

Subd. 2c. **Combative sports contest.** "Combative sports contest" means a professional boxing, a professional or amateur tough person, a professional or amateur kickboxing, or a professional or amateur ~~martial art contest~~ or mixed martial arts contest, bout, competition, match, or exhibition.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 341.21, subdivision 4f, is amended to read:

Subd. 4f. **Martial art.** "Martial art" means a variety of weaponless disciplines of combat or self-defense that utilize physical skill and coordination, and are practiced as combat sports. The disciplines include, but are not limited to, Wing Chun, ~~kickboxing~~, Tae kwon do, savate, karate, ~~Muay Thai~~, sanshou, Jiu Jitsu, judo, ninjitsu, kung fu, Brazilian Jiu Jitsu, wrestling, grappling, tai chi, and other weaponless martial arts disciplines.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 341.21, is amended by adding a subdivision to read:

Subd. 4i. **Kickboxing.** "Kickboxing" means the act of attack and defense with the fists using padded gloves and bare feet.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 341.21, subdivision 7, is amended to read:

Subd. 7. **Tough person contest.** "Tough person contest," including contests marketed as tough man or tough woman contests, means a ~~contest of two minute rounds consisting of not more than four rounds between two or more individuals who use their hands, or their feet, or both in any manner. Tough person contest includes kickboxing and other recognized martial art contest~~ boxing match or similar contest where each combatant wears headgear and gloves that weigh at least 12 ounces.

Sec. 7. Minnesota Statutes 2022, section 341.221, is amended to read:

#### **341.221 ADVISORY COUNCIL.**

(a) The commissioner must appoint a Combative Sports Advisory Council to advise the commissioner on the administration of duties under this chapter.

(b) The council shall have ~~nine~~ five members appointed by the commissioner. ~~One member must be a retired judge of the Minnesota District Court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals. At least four~~ All five members must have knowledge of the boxing industry. At

~~least four members must have knowledge of the mixed martial arts industry combative sports.~~ The commissioner shall make serious efforts to appoint qualified women to serve on the council.

~~(e) Council members shall serve terms of four years with the terms ending on the first Monday in January.~~

~~(d)~~ (c) The council shall annually elect from its membership a chair.

~~(e)~~ (d) Meetings shall be convened by the commissioner, or by the chair with the approval of the commissioner.

~~(f) The commissioner shall designate two of the members to serve until the first Monday in January 2013; two members to serve until the first Monday in January 2014; two members to serve until the first Monday in January 2015; and three members to serve until the first Monday in January 2016.~~

~~(e)~~ (e) Appointments to the council and the terms of council members are governed by sections 15.059 and 15.0597.

~~(g)~~ (f) Removal of members, filling of vacancies, and compensation of members shall be as provided in section 15.059.

~~(g)~~ (g) Meetings convened for the purpose of advising the commissioner on issues related to a challenge filed under section 341.345 are exempt from the open meeting requirements of chapter 13D.

Sec. 8. Minnesota Statutes 2022, section 341.25, is amended to read:

### **341.25 RULES.**

(a) The commissioner may adopt rules that include standards for the physical examination and condition of combatants and referees.

(b) The commissioner may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of all combative sport contests and their manner, supervision, time, and place.

~~(e) The commissioner must adopt unified rules for mixed martial arts contests.~~

~~(d) The commissioner may adopt the rules of the Association of Boxing Commissions, with amendments.~~

~~(e)~~ (c) The most recent version of the Unified Rules of Mixed Martial Arts, as promulgated by the Association of Boxing Commissions and amended August 2, 2016, are, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2202. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

~~(d)~~ (d) The most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as

qualified by this chapter and Minnesota Rules, chapter 2201. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(e) The most recent version of the Unified Rules of Kickboxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and any applicable Minnesota Rules. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 9. Minnesota Statutes 2022, section 341.27, is amended to read:

**341.27 COMMISSIONER DUTIES.**

The commissioner shall:

- (1) issue, deny, renew, suspend, or revoke licenses;
- (2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;
- (3) keep public records of the council open to inspection at all reasonable times;
- (4) develop rules to be implemented under this chapter;
- (5) conform to the rules adopted under this chapter;
- (6) develop policies and procedures for regulating boxing, kickboxing, and mixed martial arts;
- (7) approve regulatory bodies to oversee martial arts and amateur boxing contests under section 341.28, subdivision 5;
- ~~(7)~~ (8) immediately suspend an individual license for a medical condition, including but not limited to a medical condition resulting from an injury sustained during a match, bout, or contest that has been confirmed by the ringside physician. The medical suspension must be lifted after the commissioner receives written information from a physician licensed in the home state of the licensee indicating that the combatant may resume competition, and any other information that the commissioner may by rule require. Medical suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69; and

~~(8)~~ (9) immediately suspend an individual combatant license for a mandatory rest period, which must commence at the conclusion of every combative sports contest in which the license holder competes and does not receive a medical suspension. A rest suspension must automatically lift after 14 calendar days from the date the combative sports contest passed without notice or additional proceedings. Rest suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 10. Minnesota Statutes 2022, section 341.28, subdivision 2, is amended to read:

Subd. 2. **Regulatory authority; tough person contests.** All professional and amateur tough person contests are subject to this chapter. All tough person contests are subject to the most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions rules. Every contestant in a tough person contest shall have a physical examination prior to their bouts. Every contestant in a tough person contest shall wear headgear and padded gloves that weigh at least 12 ounces. ~~All tough person bouts are limited to two minute rounds and a maximum of four total rounds.~~ Officials at all tough person contests shall be licensed under this chapter.

Sec. 11. Minnesota Statutes 2022, section 341.28, subdivision 3, is amended to read:

Subd. 3. **Regulatory authority; mixed martial arts contests; ~~similar sporting events.~~** All professional and amateur mixed martial arts contests, ~~martial arts contests except amateur contests regulated by the Minnesota State High School League (MSHSL), recognized martial arts studios and schools in Minnesota, and recognized national martial arts organizations holding contests between students, ultimate fight contests, and similar sporting events~~ are subject to this chapter and all officials at these events must be licensed under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 12. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 4. **Regulatory authority; kickboxing contests.** All professional and amateur kickboxing contests are subject to this chapter and all officials at these events must be licensed under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 5. **Regulatory authority; martial arts and amateur boxing.** (a) Unless this chapter specifically states otherwise, contests or exhibitions for martial arts and amateur boxing are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter.

(b) Martial arts and amateur boxing contests, unless subject to the exceptions set forth in subdivision 6, must be regulated by a nationally recognized organization approved by the commissioner. The organization must have a set of written standards, procedures, or rules used to sanction the combative sports it oversees.

(c) Any regulatory body overseeing a martial arts or amateur boxing event must submit bout results to the commissioner within 72 hours after the event. If the regulatory body issues suspensions, the regulatory body must submit to the commissioner a list of any suspensions resulting from the event within 72 hours after the event. Regulatory bodies that oversee combative sports or martial arts contests under subdivision 6 are not subject to this paragraph.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 6. **Regulatory authority; certain students.** Combative sports or martial arts contests regulated by the Minnesota State High School League, National Collegiate Athletic Association,

National Junior Collegiate Athletic Association, National Association of Intercollegiate Athletics, or any similar organization that governs interscholastic athletics are not subject to this chapter and officials at these events are not required to be licensed under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a promoter's license to an individual, corporation, or other business entity, the applicant shall, ~~a minimum of six weeks before the combative sport contest is scheduled to occur,~~ complete a licensing application on the Office of Combative Sports website or on forms ~~furnished or approved~~ prescribed by the commissioner and shall:

~~(1) provide the commissioner with a copy of any agreement between a combatant and the applicant that binds the applicant to pay the combatant a certain fixed fee or percentage of the gate receipts;~~

~~(2)~~ (1) show on the licensing application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

~~(3)~~ (2) provide the commissioner with a copy of the latest financial statement of the applicant;

~~(4) provide the commissioner with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;~~

~~(5)~~ (3) provide proof, where applicable, of authorization to do business in the state of Minnesota; and

~~(6)~~ (4) deposit with the commissioner a ~~cash bond or~~ surety bond in an amount set by the commissioner, which must not be less than \$10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(b) Before the commissioner issues a license to a combatant, the applicant shall:

(1) submit to the commissioner the results of a current medical ~~examination~~ examinations on forms ~~furnished or approved~~ prescribed by the commissioner that state that the combatant is cleared to participate in a combative sport contest. ~~The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commissioner by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by combative sports. The neurological examination must include an electroencephalogram or medically superior test if the combatant has been knocked unconscious in a previous contest. The commissioner may also order an electroencephalogram or other appropriate neurological or physical examination before any contest if it determines that the examination is desirable to protect the health of the combatant. The commissioner shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV;~~ The applicant must undergo and submit the results of the following medical examinations, which do not exempt a combatant from the requirements in section 341.33:

(i) a physical examination performed by a licensed medical doctor, doctor of osteopathic medicine, advance practice nurse practitioner, or a physician assistant. Physical examinations are valid for one year from the date of the exam;

(ii) an ophthalmological examination performed by an ophthalmologist or optometrist that includes dilation designed to detect any retinal defects or other damage or a condition of the eye that could be aggravated by combative sports. Ophthalmological examinations are valid for one year from the date of the exam;

(iii) blood work results for HBsAg (Hepatitis B surface antigen), HCV (Hepatitis C antibody), and HIV. Blood work results are good for one year from the date blood was drawn. The commissioner shall not issue a license to an applicant submitting positive test results for HBsAg, HCV, or HIV; and

(iv) other appropriate neurological or physical examinations before any contest, if the commissioner determines that the examination is desirable to protect the health of the combatant;

(2) complete a licensing application on the Office of Combative Sports website or on forms ~~furnished or approved~~ prescribed by the commissioner; and

(3) provide proof that the applicant is 18 years of age. Acceptable proof is a photo driver's license, state photo identification card, passport, or birth certificate combined with additional photo identification.

(c) Before the commissioner issues a license to a referee, judge, or timekeeper, the applicant must submit proof of qualifications that may include certified training from the Association of Boxing Commissions, licensure with other regulatory bodies, professional references, or a log of bouts worked.

(d) Before the commissioner issues a license to a ringside physician, the applicant must submit proof that they are licensed to practice medicine in the state of Minnesota and in good standing.

Sec. 16. Minnesota Statutes 2022, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and application.** Licenses issued on or after January 1, 2023, shall expire annually on December 31 ~~one year after the date of issuance~~. A license may be applied for each year by filing an application for licensure and satisfying all licensure requirements established in section 341.30, and submitting payment of the license fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commissioner.

Sec. 17. Minnesota Statutes 2022, section 341.321, is amended to read:

### **341.321 FEE SCHEDULE.**

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

(1) referees, \$25;

(2) promoters, \$700;

- (3) judges and knockdown judges, \$25;
- (4) trainers and seconds, ~~\$80~~ \$40;
- (5) timekeepers, \$25;
- (6) professional combatants, \$70;
- (7) amateur combatants, ~~\$50~~ \$35; and
- (8) ringside physicians, \$25.

~~License fees for promoters are due at least six weeks prior to the combative sport contest. All other~~ license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all precensure requirements in section 341.30 are satisfied and fees are paid.

~~(b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The~~ A promoter or event organizer of an event regulated by the Department of Labor and Industry must pay, per event, a combative sport contest fee is of \$1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled. The fee must be paid as follows:

~~(e) A professional or amateur combative sport contest fee is nonrefundable and shall be paid as follows:~~

- (1) \$500 at the time the combative sport contest is scheduled; ~~and~~
- (2) \$1,000 at the weigh-in prior to the contest;
- (3) if four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within 14 days of the completed contest; and
- (4) the value of all complimentary tickets distributed for an event, to the extent they exceed five percent of total event attendance, counts toward gross tickets sales for the purposes of determining a combative sports contest fee. For purposes of this clause, the lowest advertised ticket price shall be used to calculate the value of complimentary tickets.

~~If four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within seven days of the completed contest.~~

~~(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(e)~~ (c) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

**EFFECTIVE DATE.** This section is effective July 1, 2023, except that the amendments to paragraph (b) are effective for combative sports contests scheduled to occur on or after January 1, 2024.

Sec. 18. **[341.322] PAYMENT SCHEDULE.**

The commissioner may establish a schedule of payments to be paid by a promoter to referees, judges and knockdown judges, timekeepers, and ringside physicians.

Sec. 19. **[341.323] EVENT APPROVAL.**

Subdivision 1. **Preapproval documentation.** Before the commissioner approves a combative sports contest, the promoter shall provide the commissioner, at least six weeks before the combative sport contest is scheduled to occur, information about the time, date, and location of the contest and at least 72 hours before the combative sport contest is scheduled to occur:

(1) a copy of any agreement between a combatant and the promoter that binds the promoter to pay the combatant a certain fixed fee or percentage of the gate receipts;

(2) a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;

(3) proof acceptable to the commissioner that the promoter will provide, at the cost of the promoter, at least one uniformed security guard or uniformed off-duty member of law enforcement to provide security at any event regulated by the Department of Labor and Industry. The commissioner may require a promoter to take additional security measures to ensure the safety of participants and spectators at an event; and

(4) proof acceptable to the commissioner that the promoter will provide an ambulance service as required by section 341.324.

Subd. 2. **Proper licensure.** Before the commissioner approves a combative sport contest, the commissioner must ensure that the promoter is properly licensed under this chapter. The promoter must maintain proper licensure from the time it schedules a combative sports contest through the date of the contest.

Subd. 3. **Discretion.** Nothing in this section limits the commissioner's discretion in deciding whether to approve a combative sport contest or event.

Sec. 20. **[341.324] AMBULANCE.**

A promoter must ensure, at the cost of the promoter, that a licensed ambulance service with two emergency medical technicians is on the premises during a combative sports contest.

Sec. 21. Minnesota Statutes 2022, section 341.33, is amended to read:

**341.33 PHYSICAL EXAMINATION REQUIRED; FEES.**

**Subdivision 1. Examination by physician.** All combatants must be examined by a physician licensed by this state within 36 hours before entering the ring, and the examining physician shall immediately file with the commissioner a written report of the examination. The physician's examination may report on the condition of the combatant's heart and general physical and general neurological condition. The physician's report may record the condition of the combatant's nervous system and brain as required by the commissioner. The physician may prohibit the combatant from

entering the ring if, in the physician's professional opinion, it is in the best interest of the combatant's health. The cost of the examination is payable by the promoter conducting the contest or exhibition.

Subd. 2. **Attendance of physician.** A promoter holding or sponsoring a combative sport contest shall have in attendance a physician licensed by this state Minnesota. ~~The commissioner may establish a schedule of fees to be paid to each attending physician by the promoter holding or sponsoring the contest.~~

Sec. 22. **[341.331] PROHIBITED PERFORMANCE ENHANCING SUBSTANCES AND TESTING.**

Subdivision 1. Performance enhancing substances and masking agents prohibited. All combatants are prohibited from using the substances listed in the following classes contained in the World Anti-Doping Code published by the World Anti-Doping Agency, unless a combatant meets an applicable exception set forth therein:

- (1) S0, nonapproved substances;
- (2) S1, anabolic agents;
- (3) S2, peptide hormones, growth factors, and related substances and mimetics;
- (4) S3, beta-2 agonists;
- (5) S4, hormone and metabolic modulators; and
- (6) S5, diuretics and masking agents.

Subd. 2. Testing. The commissioner may administer drug testing to discover violations of subdivision 1 as follows:

(a) The commissioner may require a combatant to submit to a drug test to determine if substances are present in the combatant's system in violation of subdivision 1. This testing may occur at any time after the official weigh-in, on the day of the contest in which the combatant is participating, or within 24 hours of competing in a combative sports contest in a manner prescribed by the commissioner. The commissioner may require testing based on reasonable cause or random selection. Grounds for reasonable cause includes observing or receiving credible information that a combatant has used prohibited performance enhancing drugs. If testing is based on random selection, both combatants competing in a selected bout shall submit to a drug test.

(b) Specimens may include urine, hair samples, or blood. Specimens shall be tested at a facility acceptable to the commissioner. Results of all drug tests shall be submitted directly to the commissioner.

(c) The promoter shall pay the costs relating to drug testing combatants. Any requests for follow-up or additional testing must be paid by the combatant.

Subd. 3. Discipline. (a) If a combatant fails to provide a sample for drug testing when required, and the request is made before a bout, the combatant shall not be allowed to compete in the bout.

If the request is made after a bout, and the combatant fails to provide a sample for drug testing, the combatant shall be subject to disciplinary action under section 341.29.

(b) If a combatant's specimen tests positive for any prohibited substances, the combatant shall be subject to disciplinary action under section 341.29.

(c) A combatant who is disciplined and was the winner of a bout shall be disqualified and the decision shall be changed to no contest. The results of a bout shall remain unchanged if a combatant who is disciplined was the loser of the bout.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

**Sec. 23. [341.345] CHALLENGING THE OUTCOME OF A COMBATIVE SPORT CONTEST.**

Subdivision 1. **Challenge.** (a) If a combatant disagrees with the outcome of a combative sport contest regulated by the Department of Labor and Industry in which the combatant participated, the combatant may challenge the outcome.

(b) If a third party makes a challenge on behalf of a combatant, the third party must provide written confirmation that they are authorized to make the challenge on behalf of the combatant. The written confirmation must contain the combatant's signature and must be submitted with the challenge.

Subd. 2. **Form.** A challenge must be submitted on a form prescribed by the commissioner, set forth all relevant facts and the basis for the challenge, and state what remedy is being sought. A combatant may submit photos, videos, documents, or any other evidence the combatant would like the commissioner to consider in connection to the challenge. A combatant may challenge the outcome of a contest only if it is alleged that:

(1) the referee made an incorrect call or missed a rule violation that directly affected the outcome of the contest;

(2) there was collusion amongst officials to affect the outcome of the contest; or

(3) scores were miscalculated.

Subd. 3. **Timing.** A challenge must be submitted within ten days of the contest.

(a) For purposes of this subdivision, the day of the contest shall not count toward the ten-day period. If the tenth day falls on a Saturday, Sunday, or legal holiday, then a combatant shall have until the next day that is not a Saturday, Sunday, or legal holiday to submit a challenge.

(b) The challenge must be submitted to the commissioner at the address, fax number, or email address designated on the commissioner's website. The date on which a challenge is submitted by mail shall be the postmark date on the envelope in which the challenge is mailed. If the challenge is faxed or emailed, it must be received by the commissioner by 4:30 p.m. Central Time on the day the challenge is due.

Subd. 4. **Opponent's response.** If the requirements of subdivisions 1 to 3 are met, the commissioner shall send a complete copy of the challenge documents, along with any supporting

materials submitted, to the opposing combatant by mail, fax, or email. The opposing combatant has 14 days from the date the commissioner sends the challenge and supporting materials to submit a response to the commissioner. Additional response time is not added when the commissioner sends the challenge to the opposing combatant by mail. The opposing combatant may submit photos, videos, documents, or any other evidence the opposing combatant would like the commissioner to consider in connection to the challenge. The response must be submitted to the commissioner at the address, fax number, or email address designated on the commissioner's website. The date on which a response is submitted by mail is the postmark date on the envelope in which the response is mailed. If the response is faxed or emailed, it must be received by the commissioner by 4:30 p.m. Central Time on the day the response is due.

Subd. 5. **Licensed official review.** The commissioner may, if the commissioner determines it would be helpful in resolving the issues raised in the challenge, send a complete copy of the challenge or response, along with any supporting materials submitted, to any licensed official involved in the combative sport contest at issue by mail, fax, or email and request the official's views on the issues raised in the challenge.

Subd. 6. **Order.** The commissioner shall issue an order on the challenge within 60 days after receiving the opposing combatant's response. If the opposing combatant does not submit a response, the commissioner shall issue an order on the challenge within 75 days after receiving the challenge.

Subd. 7. **Nonacceptance.** If the requirements of subdivisions 1 through 3 are not met, the commissioner must not accept the challenge and may send correspondence to the person who submitted the challenge stating the reasons for nonacceptance of the challenge. A combatant has no further appeal rights if the combatant's challenge is not accepted by the commissioner.

Subd. 8. **Administrative hearing.** After the commissioner issues an order under subdivision 6, each combatant under section 326B.082, subdivision 8, has 30 days after service of the order to submit a request for hearing before an administrative law judge.

Sec. 24. Minnesota Statutes 2022, section 341.355, is amended to read:

### **341.355 CIVIL PENALTIES.**

When the commissioner finds that a person has violated one or more provisions of any statute, rule, or order that the commissioner is empowered to regulate, enforce, or issue, the commissioner may impose, for each violation, a civil penalty of up to \$10,000 for each violation, or a civil penalty that deprives the person of any economic advantage gained by the violation, or both. The commissioner may also impose these penalties against a person who has violated section 341.28, subdivision 5, paragraph (b) or (c).

**EFFECTIVE DATE.** This section is effective January 1, 2024.

## **ARTICLE 5**

### **MEAT AND POULTRY PROCESSING**

Section 1. **[179.87] TITLE.**

Sections 179.87 to 179.8757 may be titled the "Safe Workplaces for Meat and Poultry Processing Workers Act."

Sec. 2. **[179.871] DEFINITIONS.**

Subdivision 1. **Definitions.** For purposes of sections 179.87 to 179.8757, the terms in this section have the meanings given.

Subd. 2. **Authorized employee representative.** "Authorized employee representative" has the meaning given in section 182.651, subdivision 22.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of labor and industry or the commissioner's designee.

Subd. 4. **Coordinator.** "Coordinator" means the meatpacking industry worker rights coordinator or the coordinator's designee.

Subd. 5. **Meat-processing worker.** "Meat-processing worker" or "worker" means any individual who a meat-processing employer suffers or permits to work directly in contact with raw meatpacking products in a meatpacking operation, including independent contractors and persons performing work for an employer through a temporary service or staffing agency. Workers in a meatpacking operation who inspect or package meatpacking products and workers who clean, maintain, or sanitize equipment or surfaces are included in the definition of a meat-processing worker. Meat-processing worker does not include a federal, state, or local government inspector.

Subd. 6. **Meatpacking operation.** "Meatpacking operation" or "meat-processing employer" means a meatpacking or poultry processing site with 100 or more employees in Minnesota and a North American Industrial Classification system (NAICS) code of 311611 to 311615, excluding NAICS code 311613. Meatpacking operation or meat-processing employer does not mean a grocery store, butcher shop, meat market, deli, restaurant, or other business preparing meatpacking products for immediate consumption or for sale in a retail establishment or otherwise directly to an end-consumer.

Subd. 7. **Meatpacking products.** "Meatpacking products" means meat food products and poultry food products as defined in section 31A.02, subdivision 10.

Sec. 3. **[179.8715] WORKER RIGHTS COORDINATOR.**

(a) The commissioner must appoint a meatpacking industry worker rights coordinator in the Department of Labor and Industry and provide the coordinator with necessary office space, furniture, equipment, supplies, and assistance.

(b) The commissioner must enforce sections 179.87 to 179.8757, including inspecting, reviewing, and recommending improvements to the practices and procedures of meatpacking operations in Minnesota. A meat-processing employer must grant the commissioner full access to all meatpacking operations in this state at any time that meatpacking products are being processed or meat-processing workers are on the job.

(c) No later than December 1 each year, beginning December 1, 2024, the coordinator must submit a report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over labor. The report must include recommendations to promote better treatment of meat-processing workers. The coordinator shall also post the report on the Department of Labor and Industry's website.

Sec. 4. **[179.872] REFUSAL TO WORK UNDER DANGEROUS CONDITIONS.**

A meat-processing worker has the right to refuse to work under dangerous conditions in accordance with section 182.654, subdivision 11. Pursuant to section 182.654, subdivision 11, the worker shall continue to receive pay and shall not be subject to discrimination.

Sec. 5. **[179.875] ENFORCEMENT AND COMPLIANCE.**

Subdivision 1. **Administrative enforcement.** The commissioner, either on the commissioner's initiative or in response to a complaint, may inspect a meatpacking operation and subpoena records and witnesses as provided in sections 175.20, 177.27, and 182.659. If a meat-processing employer does not comply with the commissioner's inspection, the commissioner may seek relief as provided in this section or chapter 175 or 182.

Subd. 2. **Compliance authority.** The commissioner may issue a compliance order under section 177.27, subdivision 4, requiring an employer to comply with sections 179.8755, paragraphs (b) and (c); 179.8756, subdivisions 1 to 3 and 4, paragraphs (f) and (g); and 179.8757. The commissioner also has authority, pursuant to section 182.662, subdivision 1, to issue a stop-work or business-closure order when there is a condition or practice that could result in death or serious physical harm.

Subd. 3. **Private civil action.** If a meat-processing employer does not comply with a provision in sections 179.87 to 179.8757, an aggrieved worker, authorized employee representative, or other person may bring a civil action in a court of competent jurisdiction within three years of an alleged violation and, upon prevailing, must be awarded the relief provided in this section. Pursuing administrative relief is not a prerequisite for bringing a civil action.

Subd. 4. **Other government enforcement.** The attorney general may enforce sections 179.87 to 179.8757 under section 8.31.

Subd. 5. **Relief.** (a) In a civil action or administrative proceeding brought to enforce sections 179.87 to 179.8757, the court or commissioner must order relief as provided in this subdivision.

(b) For any violation of sections 179.87 to 179.8757:

(1) an injunction to order compliance and restrain continued violations;

(2) payment to a prevailing worker by a meat-processing employer of reasonable costs, disbursements, and attorney fees; and

(3) a civil penalty payable to the state of not less than \$100 per day per worker affected by the meat-processing employer's noncompliance with sections 179.87 to 179.8757.

(c) Any worker who brings a complaint under sections 179.87 to 179.8757 and suffers retaliation is entitled to treble damages in addition to lost pay and recovery of attorney fees and costs.

(d) Any company who is found to have retaliated against a meat-processing worker must pay a fine of up to \$10,000 to the commissioner, in addition to other penalties available under the law.

Subd. 6. **Whistleblower enforcement; penalty distribution.** (a) The relief provided in this section may be recovered through a private civil action brought on behalf of the commissioner in a court of competent jurisdiction by another individual, including an authorized employee representative, pursuant to this subdivision.

(b) The individual must give written notice to the coordinator of the specific provision or provisions of sections 179.87 to 179.8757 alleged to have been violated. The individual or representative organization may commence a civil action under this subdivision if no enforcement action is taken by the commissioner within 30 days.

(c) Civil penalties recovered pursuant to this subdivision must be distributed as follows:

(1) 70 percent to the commissioner for enforcement of sections 179.87 to 179.8757; and

(2) 30 percent to the individual or authorized employee representative.

(d) The right to bring an action under this subdivision shall not be impaired by private contract. A public enforcement action must be tried promptly, without regard to concurrent adjudication of a private claim for the same alleged violation.

#### Sec. 6. **[179.8755] RETALIATION AGAINST EMPLOYEES AND WHISTLEBLOWERS PROHIBITED.**

(a) Pursuant to section 182.669, no meat-processing employer or other person may discharge or discriminate against a worker because the worker has raised a concern about a meatpacking operation's health and safety practices to the employer or otherwise exercised any right authorized under sections 182.65 to 182.674.

(b) No meat-processing employer or other person may attempt to require any worker to sign a contract or other agreement that would limit or prevent the worker from disclosing information about workplace health and safety practices or hazards, or to otherwise abide by a workplace policy that would limit or prevent such disclosures. Any such agreements or policies are hereby void and unenforceable as contrary to the public policy of this state. An employer's attempt to impose such a contract, agreement, or policy shall constitute an adverse action enforceable under section 179.875.

(c) Reporting or threatening to report a meat-processing worker's suspected citizenship or immigration status, or the suspected citizenship or immigration status of a family member of the worker, to a federal, state, or local agency because the worker exercises a right under sections 179.87 to 179.8757 constitutes an adverse action for purposes of establishing a violation of that worker's rights. For purposes of this paragraph, "family member" means a spouse, parent, sibling, child, uncle, aunt, niece, nephew, cousin, grandparent, or grandchild related by blood, adoption, marriage, or domestic partnership.

#### Sec. 7. **[179.8756] MEATPACKING WORKER CHRONIC INJURIES AND WORKPLACE SAFETY.**

Subdivision 1. **Facility committee.** (a) The meat-processing employer's ergonomics program under section 182.677, subdivision 2, must be developed and implemented by a committee of individuals who are knowledgeable of the tasks and work processes performed by workers at the employer's facility. The committee must include:

(1) a certified professional ergonomist;

(2) a licensed, board-certified physician, with preference given to a physician who has specialized experience and training in occupational medicine; and

(3) at least three workers employed in the employer's facility who have completed a general industry outreach course approved by the commissioner, one of whom must be an authorized employee representative if the employer is party to a collective bargaining agreement.

(b) If it is not practicable for a certified professional ergonomist or a licensed, board-certified physician to be a member of the committee required by paragraph (a), the meatpacking employer must have their safe-worker program reviewed by a certified professional ergonomist and a licensed, board-certified physician prior to implementation of the program and annually thereafter.

Subd. 2. **New task and annual safety training.** (a) Meat-processing employers must provide every worker who is assigned a new task if the worker has no previous work experience with training on how to safely perform the task, the ergonomic and other hazards associated with the task, and training on the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them. The employer must give a worker an opportunity within 30 days of receiving the new task training to receive refresher training on the topics covered in the new task training. The employer must provide this training in a language and with vocabulary that the employee can understand.

(b) Meat-processing employers must provide each worker with no less than eight hours of safety training each year. This annual training must address health and safety topics that are relevant to the establishment and the worker's job assignment, such as cuts, lacerations, amputations, machine guarding, biological hazards, lockout/tagout, hazard communication, ergonomic hazards, and personal protective equipment. At least two of the eight hours of annual training must be on topics related to the facility's ergonomic injury prevention program, including the assessment of surveillance data, the ergonomic hazard prevention and control plan, and the early signs and symptoms of musculoskeletal disorders and the procedures for reporting them. The employer must provide this training in a language and with vocabulary that the employee can understand.

Subd. 3. **Medical services and qualifications.** (a) Meat-processing employers must ensure that:

(1) all first-aid providers, medical assistants, nurses, and physicians engaged by the employer are licensed and perform their duties within the scope of their licensed practice;

(2) medical management of musculoskeletal disorders is under direct supervision of a licensed physician specializing in occupational medicine who will advise on best practices for management and prevention of work-related musculoskeletal disorders; and

(3) medical management of musculoskeletal injuries follows the most current version of the American College of Occupational and Environmental Medicine practice guidelines.

(b) The coordinator may compile, analyze, and publish annually, either in summary or detailed form, all reports or information obtained under sections 179.87 to 179.8757, including information about ergonomics programs, and may cooperate with the United States Department of Labor in obtaining national summaries of occupational deaths, injuries, and illnesses. The coordinator and authorized employee representative must preserve the anonymity of each employee with respect to whom medical reports or information is obtained.

(c) Meat-processing employers must not institute or maintain any program, policy, or practice that discourages employees from reporting injuries, hazards, or safety standards violations.

**Subd. 4. Pandemic protections.** (a) This subdivision applies during a peacetime public health emergency declared under section 12.31, subdivision 2, that involves airborne transmission.

(b) Meat-processing employers must maintain a radius of space around and between each worker according to the Centers for Disease Control and Prevention guidelines unless a nonporous barrier separates the workers. An employer may accomplish such distancing by increasing physical space between workstations, slowing production speeds, staggering shifts and breaks, adjusting shift size, or a combination thereof. The employer must reconfigure common or congregate spaces to allow for such distancing, including lunch rooms, break rooms, and locker rooms. The employer must reinforce social distancing by allowing workers to maintain six feet of distance along with the use of nonporous barriers.

(c) Meat-processing employers must provide employees with face masks and must make face shields available on request. Face masks, including replacement face masks, and face shields must be provided at no cost to the employee. All persons present at the meatpacking operation must wear face masks in the facility except in those parts of the facility where infection risk is low because workers work in isolation.

(d) Meat-processing employers must provide all meat-processing workers with the ability to frequently and routinely sanitize their hands with either hand-washing or hand-sanitizing stations. The employer must ensure that restrooms have running hot and cold water and paper towels and are in sanitary condition. The employer must provide gloves to those who request them.

(e) Meat-processing employers must clean and regularly disinfect all frequently touched surfaces in the workplace, such as workstations, training rooms, machinery controls, tools, protective garments, eating surfaces, bathrooms, showers, and other similar areas. Employers must install and maintain ventilation systems that ensure unidirectional air flow, outdoor air, and filtration in both production areas and common areas such as cafeterias and locker rooms.

(f) Meat-processing employers must disseminate all required communications, notices, and any published materials regarding these protections in English, Spanish, and other languages as required for employees to understand the communication.

(g) Consistent with sections 177.253 and 177.254, meat-processing employers must provide adequate break time for workers to use the bathroom, wash their hands, and don and doff protective equipment. Nothing in this subdivision relieves an employer of its obligation to comply with federal and state wage and hour laws.

(h) Meat-processing employers must provide sufficient personal protective equipment for each employee for each shift, plus replacements, at no cost to the employee. Meat-processing employers must provide training in proper use of personal protective equipment, safety procedures, and sanitation.

(i) Meat-processing employers must record all injuries and illnesses in the facility and make these records available upon request to the health and safety committee. The name, contact information, and occupation of an employee, and any other information that would reveal the identity of an employee, must be removed. The redacted records must only include, to the extent it would not reveal the identity of an employee, the location where the employee worked, the date of the injury or visit, a description of the medical treatment or first aid provided, and a description of the injury suffered. The employer also must make its records available to the commissioner, and where there is a collective bargaining agreement, to the authorized bargaining representative.

(j) Except for paragraphs (f) and (g), this subdivision shall be enforced by the commissioner under sections 182.66 and 182.661. A violation of this subdivision is subject to the penalties provided under section 182.666. Paragraphs (f) and (g) are enforceable by the commissioner as described in section 179.875, subdivision 2.

(k) The entirety of this subdivision may also be enforced as described in section 179.875, subdivisions 3 to 6.

**EFFECTIVE DATE.** This section is effective January 1, 2024, except subdivision 4, which is effective July 1, 2023.

Sec. 8. **[179.8757] NOTIFICATION REQUIRED.**

(a) Meat-processing employers must provide written information and notifications about employee rights under section 179.86 and sections 179.87 to 179.8757 to workers in their language of fluency at least annually. If a worker is unable to understand written information and notifications, the employer must provide such information and notices orally in the worker's language of fluency.

(b) The coordinator must notify covered employers of the provisions of sections 179.87 to 179.8757 and any recent updates at least annually.

(c) The coordinator must place information explaining sections 179.87 to 179.8757 on the Department of Labor and Industry's website in at least English, Spanish, and any other language that at least ten percent of meat-processing workers communicate in fluently. The coordinator must also make the information accessible to persons with impaired visual acuity.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 9. Minnesota Statutes 2022, section 182.654, subdivision 11, is amended to read:

Subd. 11. **Refusal to work under dangerous conditions.** An employee acting in good faith has the right to refuse to work under conditions which the employee reasonably believes present an imminent danger of death or serious physical harm to the employee.

A reasonable belief of imminent danger of death or serious physical harm includes but is not limited to a reasonable belief of the employee that the employee has been assigned to work in an unsafe or unhealthful manner with a hazardous substance, harmful physical agent or infectious agent.

An employer may not discriminate against an employee for a good faith refusal to perform assigned tasks if the employee has requested that the employer correct the hazardous conditions but the conditions remain uncorrected.

An employee who has refused in good faith to perform assigned tasks and who has not been reassigned to other tasks by the employer shall, in addition to retaining a right to continued employment, receive pay for the tasks which would have been performed if (1) the employee requests the commissioner to inspect and determine the nature of the hazardous condition, and (2) the commissioner determines that the employee, by performing the assigned tasks, would have been placed in imminent danger of death or serious physical harm.

Additionally, an administrative law judge may order, in addition to the relief found in section 182.669:

(1) reinstatement of the worker to the same position held before any adverse personnel action or to an equivalent position; reinstatement of full fringe benefits and seniority rights; compensation for unpaid wages, benefits, and other remuneration; or front pay in lieu of reinstatement; and

(2) compensatory damages payable to the aggrieved worker equal to the greater of \$5,000 or twice the actual damages, including unpaid wages, benefits, and other remuneration and punitive damages.

## ARTICLE 6

### COVENANTS NOT TO COMPETE

Section 1. **[181.988] COVENANTS NOT TO COMPETE VOID IN EMPLOYMENT AGREEMENTS; SUBSTANTIVE PROTECTIONS OF MINNESOTA LAW APPLY.**

Subdivision 1. **Definitions.** (a) "Covenant not to compete" means an agreement between an employee and employer that restricts the employee, after termination of the employment, from performing:

(1) work for another employer for a specified period of time;

(2) work in a specified geographical area; or

(3) work for another employer in a capacity that is similar to the employee's work for the employer that is party to the agreement.

A covenant not to compete does not include a nondisclosure agreement, or agreement designed to protect trade secrets or confidential information. A covenant not to compete does not include a nonsolicitation agreement, or agreement restricting the ability to use client or contact lists, or solicit customers of the employer.

(b) "Employer" means any individual, partnership, association, corporation, business, trust, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee.

(c) "Employee" as used in this section means any individual who performs services for an employer, including independent contractors.

(d) "Independent contractor" means any individual whose employment is governed by a contract and whose compensation is not reported to the Internal Revenue Service on a W-2 form. For purposes of this section, independent contractor also includes any corporation, limited liability corporation, partnership, or other corporate entity when an employer requires an individual to form such an organization for purposes of entering into a contract for services as a condition of receiving compensation under an independent contractor agreement.

Subd. 2. **Covenants not to compete void and unenforceable.** (a) Any covenant not to compete contained in a contract or agreement is void and unenforceable.

(b) Notwithstanding paragraph (a), a covenant not to compete is valid and enforceable if:

(1) the covenant not to compete is agreed upon during the sale of a business. The person selling the business and the partners, members, or shareholders, and the buyer of the business may agree on a temporary and geographically restricted covenant not to compete that will prohibit the seller of the business from carrying on a similar business within a reasonable geographic area and for a reasonable length of time; or

(2) the covenant not to compete is agreed upon in anticipation of the dissolution of a business. The partners, members, or shareholders, upon or in anticipation of a dissolution of a partnership, limited liability company, or corporation may agree that all or any number of the parties will not carry on a similar business within a reasonable geographic area where the business has been transacted.

(c) Nothing in this subdivision shall be construed to render void or unenforceable any other provisions in a contract or agreement containing a void or unenforceable covenant not to compete.

(d) In addition to injunctive relief and any other remedies available, a court may award an employee who is enforcing rights under this section reasonable attorney fees.

Subd. 3. **Choice of law; venue.** (a) An employer must not require an employee who primarily resides and works in Minnesota, as a condition of employment, to agree to a provision in an agreement or contract that would do either of the following:

(1) require the employee to adjudicate outside of Minnesota a claim arising in Minnesota; or

(2) deprive the employee of the substantive protection of Minnesota law with respect to a controversy arising in Minnesota.

(b) Any provision of a contract or agreement that violates paragraph (a) is voidable at any time by the employee and if a provision is rendered void at the request of the employee, the matter shall be adjudicated in Minnesota and Minnesota law shall govern the dispute.

(c) In addition to injunctive relief and any other remedies available, a court may award an employee who is enforcing rights under this section reasonable attorney fees.

(d) For purposes of this section, adjudication includes litigation and arbitration.

(e) This subdivision applies only to claims arising under this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023, and applies to contracts and agreements entered into on or after that date.

## ARTICLE 7

### BUILDING AND CONSTRUCTION CONTRACTS

Section 1. Minnesota Statutes 2022, section 15.71, is amended by adding a subdivision to read:

Subd. 1a. **Indemnification agreement.** "Indemnification agreement" means an agreement by the promisor to indemnify, defend, or hold harmless the promisee against liability or claims of liability for damages arising out of bodily injury to persons or out of physical damage to tangible or real property.

Sec. 2. Minnesota Statutes 2022, section 15.71, is amended by adding a subdivision to read:

Subd. 1b. **Promisee.** "Promisee" includes that party's independent contractors, agents, employees, or indemnitees.

Sec. 3. Minnesota Statutes 2022, section 15.72, is amended by adding a subdivision to read:

Subd. 3. **Unenforceability of certain agreements.** (a) An indemnification agreement contained in, or executed in connection with, a contract for a public improvement is unenforceable except to the extent that:

(1) the underlying injury or damage is attributable to the negligent or otherwise wrongful act or omission, including breach of a specific contractual duty, of the promisor or the promisor's independent contractors, agents, employees, or delegates; or

(2) an owner, a responsible party, or a governmental entity agrees to indemnify a contractor directly or through another contractor with respect to strict liability under environmental laws.

(b) A provision in a public building or construction contract that requires a party to provide insurance coverage to one or more other parties, including third parties, for the negligence or intentional acts or omissions of any of those other parties, including third parties, is against public policy and is void and unenforceable.

(c) Paragraph (b) does not affect the validity of a provision that requires a party to provide or obtain workers' compensation insurance, construction performance or payment bonds, builder's risk policies, owner or contractor-controlled insurance programs or policies, or project-specific insurance for claims arising out of the promisor's negligent acts or omissions or the negligent acts or omissions of the promisor's independent contractors, agents, employees, or delegates.

(d) Paragraph (b) does not affect the validity of a provision that requires the promisor to provide or obtain insurance coverage for the promisee's vicarious liability, or liability imposed by warranty, arising out of the acts or omissions of the promisor.

(e) Paragraph (b) does not apply to building and construction contracts for work within 50 feet of public or private railroads, or railroads regulated by the Federal Railroad Administration.

Sec. 4. Minnesota Statutes 2022, section 337.01, subdivision 3, is amended to read:

Subd. 3. **Indemnification agreement.** "Indemnification agreement" means an agreement by the promisor to indemnify, defend, or hold harmless the promisee against liability or claims of liability for damages arising out of bodily injury to persons or out of physical damage to tangible or real property.

Sec. 5. Minnesota Statutes 2022, section 337.05, subdivision 1, is amended to read:

Subdivision 1. **Agreements valid.** (a) Except as otherwise provided in paragraph (b), sections 337.01 to 337.05 do not affect the validity of agreements whereby a promisor agrees to provide specific insurance coverage for the benefit of others.

(b) A provision that requires a party to provide insurance coverage to one or more other parties, including third parties, for the negligence or intentional acts or omissions of any of those other parties, including third parties, is against public policy and is void and unenforceable.

(c) Paragraph (b) does not affect the validity of a provision that requires a party to provide or obtain workers' compensation insurance, construction performance or payment bonds, ~~or project-specific insurance, including, without limitation, builder's risk policies or owner or contractor-controlled insurance programs or policies~~ builder's risk policies, owner or contractor-controlled insurance programs or policies, or project-specific insurance for claims arising out of the promisor's negligent acts or omissions or the negligent acts or omissions of the promisor's independent contractors, agents, employees, or delegates.

(d) Paragraph (b) does not affect the validity of a provision that requires the promisor to provide or obtain insurance coverage for the promisee's vicarious liability, or liability imposed by warranty, arising out of the acts or omissions of the promisor.

(e) Paragraph (b) does not apply to building and construction contracts for work within 50 feet of public or private railroads, or railroads regulated by the Federal Railroad Administration.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment and apply to agreements entered into on or after that date.

## ARTICLE 8

### PUBLIC EMPLOYMENT RELATIONS BOARD

Section 1. Minnesota Statutes 2022, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations, Bureau of Mediation Services, Public Employment Relations Board.** Personnel data may be disseminated to labor organizations and the Public Employment Relations Board to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and to the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services or the Public Employment Relations Board or its employees or agents.

Sec. 2. **[13.7909] PUBLIC EMPLOYMENT RELATIONS BOARD DATA.**

Subdivision 1. Definition. For purposes of this section, "board" means the Public Employment Relations Board.

Subd. 2. **Charge and complaint data.** (a) Except as provided in paragraphs (b) and (c), all data maintained by the board about a charge of unfair labor practices and appeals of determinations of the commissioner under section 179A.12, subdivision 11, are classified as protected nonpublic data or confidential data prior to being admitted into evidence at a hearing conducted pursuant to section 179A.13. Data that are admitted into evidence at a hearing conducted pursuant to section 179A.13 are public unless subject to a protective order as determined by the board or a hearing officer.

(b) Statements by individuals that are provided to the board are private data on individuals, as defined by section 13.02, subdivision 12, prior to being admitted into evidence at a hearing conducted pursuant to section 179A.13, and become public once admitted into evidence.

(c) The following data are public at all times:

(1) the filing date of unfair labor practice charges;

(2) the status of unfair labor practice charges as an original or amended charge;

(3) the names and job classifications of charging parties and charged parties;

(4) the provisions of law alleged to have been violated in unfair labor practice charges;

(5) the complaint issued by the board; and

(6) unless subject to a protective order:

(i) the full and complete record of an evidentiary hearing before a hearing officer, including the hearing transcript, exhibits admitted into evidence, and posthearing briefs;

(ii) recommended decisions and orders of hearing officers pursuant to section 179A.13, subdivision 1, paragraph (i);

(iii) exceptions to the hearing officer's recommended decision and order filed with the board pursuant to section 179A.13, subdivision 1, paragraph (k);

(iv) party and nonparty briefs filed with the board; and

(v) decisions and orders issued by the board.

(d) The board may make any data classified as private, protected nonpublic, or confidential pursuant to this subdivision accessible to any person or party if the access will aid the implementation of chapters 179 and 179A or ensure due process protection of the parties.

Sec. 3. Minnesota Statutes 2022, section 179A.041, is amended by adding a subdivision to read:

Subd. 10. **Open Meeting Law; exceptions.** Chapter 13D does not apply to meetings of the board when it is deliberating on the merits of unfair labor practice charges under sections 179.11, 179.12, and 179A.13; reviewing a recommended decision and order of a hearing officer under section 179A.13; or reviewing decisions of the commissioner of the Bureau of Mediation Services relating to unfair labor practices under section 179A.12, subdivision 11.

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

## ARTICLE 9

### WAREHOUSE WORKERS

Section 1. **[182.6526] WAREHOUSE DISTRIBUTION WORKER SAFETY.**

Subdivision 1. **Definitions.** (a) The terms defined in this subdivision have the meanings given.

(b) "Aggregated employee work speed data" means a compilation of employee work speed data for multiple employees, in summary form, assembled in full or in another form such that the data cannot be identified with any individual.

(c) "Commissioner" means the commissioner of labor and industry.

(d)(1) Except as provided in clause (2), "employee" means an employee who works at a warehouse distribution center.

(2) For the purposes of subdivisions 2, 3, and 4 only, "employee" means a nonexempt employee performing warehouse work occurring on the property of a warehouse distribution center and does not include a nonexempt employee performing solely manufacturing, administrative, sales, accounting, human resources, or driving work at or to and from a warehouse distribution center.

(e) "Employee work speed data" means information an employer collects, stores, analyzes, or interprets relating to an individual employee's performance of a quota, including but not limited to quantities of tasks performed, quantities of items or materials handled or produced, rates or speeds of tasks performed, measurements or metrics of employee performance in relation to a quota, and time categorized as performing tasks or not performing tasks. Employee work speed data does not include itemized earnings statements pursuant to chapter 181, except for any content of those records that includes employee work speed data as defined in this paragraph.

(f) "Employer" means a person who directly or indirectly, or through an agent or any other person, including through the services of a third-party employer, temporary service, or staffing agency or similar entity, employs or exercises control over the wages, hours, or working conditions

of 250 or more employees at a single warehouse distribution center or 1,000 or more employees at one or more warehouse distribution centers in the state. For purposes of this paragraph, all employees of an employer's unitary business, as defined in section 290.17, subdivision 4, shall be counted in determining the number of employees employed at a single warehouse distribution center or at one or more warehouse distribution centers in the state.

(g) "Warehouse distribution center" means an establishment as defined by any of the following North American Industry Classification System (NAICS) codes:

- (1) 493110 for General Warehousing and Storage;
- (2) 423 for Merchant Wholesalers, Durable Goods;
- (3) 424 for Merchant Wholesalers, Nondurable Goods;
- (4) 454110 for Electronic Shopping and Mail-Order Houses; and
- (5) 492110 for Couriers and Express Delivery Services.

(h) "Quota" means a work standard under which:

(1) an employee or group of employees is assigned or required to perform at a specified productivity speed, or perform a quantified number of tasks, or handle or produce a quantified amount of material, or perform without a certain number of errors or defects, as measured at the individual or group level within a defined time period; or

(2) an employee's actions are categorized and measured between time performing tasks and not performing tasks, and the employee's failure to complete a task performance standard may have an adverse impact on the employee's continued employment.

**Subd. 2. Written description required.** (a) Each employer shall provide to each employee a written description of each quota to which the employee is subject and how it is measured, including the quantified number of tasks to be performed or materials to be produced or handled or the limit on time categorized as not performing tasks, within the defined time period, and any potential adverse employment action that could result from failure to meet the quota.

(b) The written description must be understandable in plain language and in the language identified by each employee as the primary language of that employee.

(c) The written description must be provided:

- (1) upon hire or within 30 days of the effective date of this section; and
- (2) no fewer than one working day prior to the effective date of any increase of an existing quota and no later than the time of implementation for any decrease of an existing quota.

(d) An employer shall not take adverse employment action against an employee for failure to meet a quota that has not been disclosed to the employee.

Subd. 3. **Breaks.** An employee shall not be required to meet a quota that prevents compliance with meal or rest or prayer periods; use of restroom facilities, including reasonable travel time to and from restroom facilities as provided under section 177.253, subdivision 1; or occupational health and safety standards under this chapter or Minnesota Rules, chapter 5205. An employer shall not take adverse employment action against an employee for failure to meet a quota that does not allow a worker to comply with meal or rest or prayer periods or occupational health and safety standards under this chapter.

Subd. 4. **Employee work speed data.** (a) Employees have the right to request orally or in writing from their direct supervisor or another representative designated by the employer, and the employer shall provide within four business days: (1) a written description of each quota to which the employee is subject; (2) a copy of the most recent 90 days of the employee's own personal employee work speed data; and (3) a copy of the most recent 90 days of aggregated employee work speed data for similar employees at the same work site.

The written description of each quota must meet the requirements of subdivision 2, paragraph (b), and the employee work speed data must be provided in a manner understandable to the employee. An employee may make a request under this paragraph no more than four times per year.

(b) If an employer disciplines an employee for failure to meet a quota, the employer must, at the time of discipline, provide the employee with a written copy of the most recent 90 days of the employee's own personal employee work speed data. If an employer dismisses an employee for any reason, they must, at the time of firing, provide the employee with a written copy of the most recent 90 days of the employee's own personal employee work speed data. An employer shall not retaliate against an employee for requesting data under this subdivision. Discipline means taking a formal action, documented in writing, and does not mean conversations surrounding performance improvement or training. An employer must formally document any disciplinary action.

Subd. 5. **High rates of injury.** If a particular work site or employer is found to have an employee incidence rate in a given year, based on data reported to the federal Occupational Safety and Health Administration, of at least 30 percent higher than that year's average incidence rate for the relevant NAICS codes, the commissioner shall open an investigation of violations under this section. The employer must also hold its safety committee meetings as provided under section 182.676 monthly until, for two consecutive years, the work site or employer does not have an employee incidence rate 30 percent higher than the average yearly incidence rate for the relevant NAICS code.

Subd. 6. **Enforcement.** (a) Subdivisions 2, paragraphs (a) to (c), 4, and 5 shall be enforced by the commissioner under sections 182.66, 182.661, and 182.669. A violation of this section is subject to the penalties provided under sections 182.666 and 182.669.

(b) A current or former employee aggrieved by a violation of this section may bring a civil cause of action for damages and injunctive relief to obtain compliance with this section; may receive other equitable relief as determined by a court, including reinstatement with back pay; and may, upon prevailing in the action, recover costs and reasonable attorney fees in that action. A cause of action under this section must be commenced within one year of the date of the violation.

(c) Nothing in this section shall be construed to prevent local enforcement of occupational health and safety standards that are more restrictive than this section.

EFFECTIVE DATE. This section is effective August 1, 2023.

## ARTICLE 10

### CONSTRUCTION WORKER WAGE PROTECTIONS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employees to ascertain compliance with sections 177.21 to 177.435 and 181.165. The commissioner may investigate wage claims or complaints by an employee against an employer if the failure to pay a wage may violate Minnesota law or an order or rule of the department.

Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, and 181.939 to 181.943, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.165 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.165 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 8, is amended to read:

Subd. 8. **Court actions; suits brought by private parties.** An employee may bring a civil action seeking redress for a violation or violations of sections 177.21 to 177.44 and 181.165 directly to district court. An employer who pays an employee less than the wages and overtime compensation to which the employee is entitled under sections 177.21 to 177.44 or a contractor that has assumed a subcontractor's liability as required by section 181.165, is liable to the employee for the full amount of the wages, gratuities, and overtime compensation, less any amount the employer or contractor is able to establish was actually paid to the employee and for an additional equal amount as liquidated

damages. In addition, in an action under this subdivision the employee may seek damages and other appropriate relief provided by subdivision 7 and otherwise provided by law. An agreement between the employee and the employer to work for less than the applicable wage is not a defense to the action.

Sec. 4. Minnesota Statutes 2022, section 177.27, subdivision 9, is amended to read:

Subd. 9. **District court jurisdiction.** Any action brought under subdivision 8 may be filed in the district court of the county wherein a violation or violations of sections 177.21 to 177.44 or 181.165 are alleged to have been committed, where the respondent resides or has a principal place of business, or any other court of competent jurisdiction. The action may be brought by one or more employees.

Sec. 5. Minnesota Statutes 2022, section 177.27, subdivision 10, is amended to read:

Subd. 10. **Attorney fees and costs.** In any action brought pursuant to subdivision 8, the court shall order an employer who is found to have committed a violation or violations of sections 177.21 to 177.44 or 181.165 to pay to the employee or employees reasonable costs, disbursements, witness fees, and attorney fees.

Sec. 6. **[181.165] WAGE PROTECTION; CONSTRUCTION WORKERS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Claimant" means any person claiming unpaid wages, fringe benefits, penalties, or resulting liquidated damages that are owed as required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority.

(c) "Commissioner" refers to the commissioner of labor and industry.

(d) "Construction contract" means a written or oral agreement for the construction, reconstruction, erection, alteration, remodeling, repairing, maintenance, moving, or demolition of any building, structure, or improvement, or relating to the excavation of or development or improvement to land. For purposes of this section, a construction contract shall not include a home improvement contract for the performance of a home improvement between a home improvement contractor and the owner of an owner-occupied dwelling, and a home construction contract for one- or two-family dwelling units except where such contract or contracts results in the construction of more than ten one- or two-family owner-occupied dwellings at one project site annually.

(e) "Contractor" means any person, firm, partnership, corporation, association, company, organization, or other entity, including a construction manager, general or prime contractor, joint venture, or any combination thereof, along with their successors, heirs, and assigns, which enters into a construction contract with an owner. An owner shall be deemed a contractor and liable as such under this section if said owner has entered into a construction contract with more than one contractor or subcontractor on any construction site.

(f) "Owner" means any person, firm, partnership, corporation, association, company, organization, or other entity, or a combination of any thereof, with an ownership interest, whether the interest or

estate is in fee, as vendee under a contract to purchase, as lessee or another interest or estate less than fee that causes a building, structure, or improvement, new or existing, to be constructed, reconstructed, erected, altered, remodeled, repaired, maintained, moved, or demolished or that causes land to be excavated or otherwise developed or improved.

(g) "Subcontractor" means any person, firm, partnership, corporation, company, association, organization or other entity, or any combination thereof, that is a party to a contract with a contractor or party to a contract with the contractor's subcontractors at any tier to perform any portion of work within the scope of the contractor's construction contract with the owner, including where the subcontractor has no direct privity of contract with the contractor. When the owner is deemed a contractor, subcontractor also includes the owner's contractors.

Subd. 2. **Assumption of liability.** (a) A contractor entering into a construction contract shall assume and is liable for any unpaid wages, fringe benefits, penalties, and resulting liquidated damages owed to a claimant or third party acting on the claimant's behalf by a subcontractor at any tier acting under, by, or for the contractor or its subcontractors for the claimant's performance of labor.

(b) A contractor or any other person shall not evade or commit any act that negates the requirements of this section. No agreement by an employee or subcontractor to indemnify a contractor or otherwise release or transfer liability assigned to a contractor under this section shall be valid. However, if a contractor has satisfied unpaid wage claims of an employee and incurred fees and costs in doing so, such contractor may then pursue actual and liquidated damages from any subcontractor who caused the contractor to incur those damages.

(c) A contractor shall not evade liability under this section by claiming that a person is an independent contractor rather than an employee of a subcontractor unless the person meets the criteria required by section 181.723, subdivision 4.

Subd. 3. **Enforcement.** (a) In the case of a complaint filed with the commissioner under section 177.27, subdivision 1, or a private civil action by an employee under section 177.27, subdivision 8, such employee may designate any person, organization, or collective bargaining agent authorized to file a complaint with the commissioner or in court pursuant to this section to make a wage claim on the claimant's behalf.

(b) In the case of an action against a subcontractor, the contractor shall be jointly and severally liable for any unpaid wages, benefits, penalties, and any other remedies available pursuant to this section.

(c) Claims shall be brought consistent with section 541.07, clause (5), for the initiation of such claim under this section in a court of competent jurisdiction or the filing of a complaint with the commissioner or attorney general. The provisions of this section do not diminish, impair, or otherwise infringe on any other right of an employee to bring an action or file a complaint against any employer.

Subd. 4. **Payroll records; data.** (a) Within 15 days of a request by a contractor to a subcontractor, the subcontractor, and any other subcontractors hired under contract to the subcontractor shall provide payroll records, which, at minimum, contain all lawfully required information for all workers providing labor on the project. The payroll records shall contain sufficient information to apprise the contractor or subcontractor of such subcontractor's payment of wages and fringe benefit

contributions to a third party on the workers' behalf. Payroll records shall be marked or redacted to an extent only to prevent disclosure of the employee's Social Security number.

(b) Within 15 days of a request of a contractor or a contractor's subcontractor, any subcontractor that performs any portion of work within the scope of the contractor's construction contract with an owner shall provide:

(1) the names of all employees and independent contractors of the subcontractor on the project, including the names of all those designated as independent contractors and, when applicable, the name of the contractor's subcontractor with whom the subcontractor is under contract;

(2) the anticipated contract start date;

(3) the scheduled duration of work;

(4) when applicable, local unions with which such subcontractor is a signatory contractor; and

(5) the name and telephone number of a contact for the subcontractor.

(c) Unless otherwise required by law, a contractor or subcontractor shall not disclose an individual's personal identifying information to the general public, except that the contractor or subcontractor can confirm that the individual works for them and provide the individual's full name.

Subd. 5. **Payments to contractors and subcontractors.** Nothing in this section shall alter the owner's obligation to pay a contractor, or a contractor's obligation to pay a subcontractor as set forth in section 337.10, except as expressly permitted by this section.

Subd. 6. **Exemptions.** (a) Nothing in this section shall be deemed to diminish the rights, privileges, or remedies of any employee under any collective bargaining agreement. This section shall not apply to any contractor or subcontractor that is a signatory to a bona fide collective bargaining agreement with a building and construction trade labor organization that: (1) contains a grievance procedure that may be used to recover unpaid wages on behalf of employees covered by the agreement; and (2) provides for collection of unpaid contributions to fringe benefit trust funds established pursuant to United States Code, title 29, section 186(c)(5)-(6), by or on behalf of such trust funds.

(b) This section does not apply to work for which prevailing wage rates apply under sections 177.41 to 177.44.

Sec. 7. Minnesota Statutes 2022, section 181.171, subdivision 4, is amended to read:

Subd. 4. **Employer; definition.** "Employer" means any person having one or more employees in Minnesota and includes the state or a contractor that has assumed a subcontractor's liability within the meaning of section 181.165 and any political subdivision of the state. This definition applies to this section and sections 181.02, 181.03, 181.031, 181.032, 181.06, 181.063, 181.10, 181.101, 181.13, 181.14, and 181.16.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective August 1, 2023, and apply to contracts or agreements entered into, renewed, modified, or amended on or after that date.

## ARTICLE 11

### MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations.** (a) Personnel data ~~may~~ must be disseminated to labor organizations to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, ~~notify employees of fair share fee assessments,~~ investigate and process grievances, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations and to the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services. Employee Social Security numbers are not necessary to implement the provisions of chapters 179 and 179A.

(b) Personnel data described under section 179A.07, subdivision 8, must be disseminated to an exclusive representative under the terms of that subdivision.

(c) An employer who disseminates personnel data to a labor organization pursuant to this subdivision shall not be subject to liability under section 13.08. Nothing in this paragraph shall impair or limit any remedies available under section 325E.61.

(d) The home addresses, nonemployer issued phone numbers and email addresses, dates of birth, and emails or other communications between exclusive representatives and their members, prospective members, and nonmembers are private data on individuals.

#### Sec. 2. [16A.1335] EMPLOYEE SALARIES AND BENEFITS IN EVENT OF STATE GOVERNMENT SHUTDOWN.

Subdivision 1. **Definition.** As used in this section, "government shutdown" means that, as of July 1 of an odd-numbered year, legislation appropriating money for the general operations of (1) an executive agency, (2) an office or department of the legislature, including each house of the legislature and the Legislative Coordinating Commission, or (3) a judicial branch agency or department, including a court, has not been enacted for the biennium beginning July 1 of that year.

Subd. 2. **Payment required.** Notwithstanding section 16A.17, subdivision 8, state employees must be provided payment for lost salary and benefits resulting from their absence from work during a government shutdown. An employee is eligible for a payment under this section only upon the employee's return to work.

Subd. 3. **Appropriation; limitation.** (a) In the event of a government shutdown, the amount necessary to pay the salary and benefits of employees of any impacted agency, office, or department is appropriated beginning on that July 1 to that agency, office, or department. The appropriation is made from the fund or funds from which an appropriation was made in the previous fiscal year for salary and benefits paid to each affected employee.

(b) Amounts appropriated under this subdivision may not exceed the amount or amounts appropriated for general operations of the affected agency, office, or department in the previous fiscal year.

Subd. 4. **Certification of amount for employees in the legislative and judicial branches.** By June 25 of an odd-numbered year, if a government shutdown appears imminent, the director of the Legislative Coordinating Commission, the chief clerk of the house of representatives, the secretary of the senate, and the chief clerk of the supreme court must each certify to the commissioner of management and budget the amount needed for salaries and benefits for each fiscal year of the next biennium, and the commissioner of management and budget shall make the certified amount available on July 1 of that year or on another schedule that permits payment of all salary and benefit obligations required by this section in a timely manner.

Subd. 5. **Subsequent appropriations.** A subsequent appropriation to the agency, office, or department for regular operations for a biennium in which this section has been applied may only supersede and replace the appropriation provided by subdivision 3 by express reference to this section.

Sec. 3. Minnesota Statutes 2022, section 120A.414, subdivision 2, is amended to read:

Subd. 2. **Plan.** A school board, including the board of a charter school, may adopt an e-learning day plan after ~~consulting meeting and negotiating~~ with the exclusive representative of the teachers. ~~A If a charter school's teachers are not represented by an exclusive representative, the~~ charter school may adopt an e-learning day plan after consulting with its teachers. The plan must include accommodations for students without Internet access at home and for digital device access for families without the technology or an insufficient amount of technology for the number of children in the household. A school's e-learning day plan must provide accessible options for students with disabilities under chapter 125A.

Sec. 4. Minnesota Statutes 2022, section 122A.181, subdivision 5, is amended to read:

Subd. 5. **Limitations on license.** (a) A Tier 1 license is limited to the content matter indicated on the application for the initial Tier 1 license under subdivision 1, clause (2), and limited to the district or charter school that requested the initial Tier 1 license.

(b) A Tier 1 license does not bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, clause (a).

~~(c) A Tier 1 license does not bring an individual within the definition of a teacher under section 179A.03, subdivision 18.~~

Sec. 5. Minnesota Statutes 2022, section 122A.26, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A person who teaches in a community education program ~~which~~ qualifies for aid pursuant to section 124D.52 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program ~~which~~ that is offered through a community education program and which qualifies for community education aid pursuant to section 124D.20 or early childhood and family education aid pursuant to section 124D.135 shall continue to meet licensure requirements as a teacher. A person who teaches in a community

education course ~~which that~~ is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher.

(b) A person who teaches a driver training course ~~which that~~ is offered through a community education program to persons under 18 years of age shall be licensed by the Professional Educator Licensing and Standards Board or be subject to section 171.35. A license ~~which that~~ is required for an instructor in a community education program pursuant to this ~~subdivision paragraph~~ shall not be construed to bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, ~~clause paragraph~~ (a).

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 6. Minnesota Statutes 2022, section 122A.40, subdivision 5, is amended to read:

Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period that is consistent with subdivision 8. Evaluation must occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(d) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(e) A probationary teacher must complete at least ~~120~~ 90 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

Sec. 7. Minnesota Statutes 2022, section 122A.41, subdivision 2, is amended to read:

**Subd. 2. Probationary period; discharge or demotion.** (a) ~~All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and the probationary period in each district in which the teacher is thereafter employed shall be one year.~~ The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivisions 3 and 5. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(c) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(d) A probationary teacher must complete at least ~~120~~ 90 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

Sec. 8. Minnesota Statutes 2022, section 177.27, subdivision 4, as amended by Laws 2023, chapter 30, section 1, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, 181.939 to 181.943, ~~and~~ 181.987, ~~or~~ 181.991, and with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to franchise agreements entered into or amended on or after that date.

Sec. 9. Minnesota Statutes 2022, section 177.42, subdivision 2, is amended to read:

Subd. 2. **Project.** "Project" means demolition, erection, construction, remodeling, or repairing of a public building, facility, or other public work financed in whole or part by state funds. Project also includes demolition, erection, construction, remodeling, or repairing of a building, facility, or public work when the acquisition of property, predesign, design, or demolition is financed in whole or part by state funds.

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

Sec. 10. Minnesota Statutes 2022, section 179A.03, subdivision 14, is amended to read:

Subd. 14. **Public employee or employee.** (a) "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (1) elected public officials;
- (2) election officers;
- (3) commissioned or enlisted personnel of the Minnesota National Guard;
- (4) emergency employees who are employed for emergency work caused by natural disaster;
- (5) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (6) employees whose positions are basically temporary or seasonal in character and: (i) are not for more than 67 working days in any calendar year; ~~or~~ (ii) are not working for a Minnesota school

district or charter school; or (iii) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;

(7) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;

(8) employees of charitable hospitals as defined by section 179.35, subdivision 3, except that employees of charitable hospitals as defined by section 179.35, subdivision 3, are public employees for purposes of sections 179A.051, 179A.052, and 179A.13;

(9) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;

(10) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;

~~(11) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities to teach one course for three or fewer credits for one semester in a year;~~

~~(12)~~ (11) with respect to court employees:

(i) personal secretaries to judges;

(ii) law clerks;

(iii) managerial employees;

(iv) confidential employees; and

(v) supervisory employees; or

~~(13)~~ (12) with respect to employees of Hennepin Healthcare System, Inc., managerial, supervisory, and confidential employees.

(b) The following individuals are public employees regardless of the exclusions of paragraph (a), clauses (5) ~~and (6)~~ to (7):

(1) an employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in the Twin Cities metropolitan area under section 136F.10 or for community services or community education instruction offered on a noncredit basis: (i) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (ii) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons;

(2) an employee hired for a position under paragraph (a), clause (6), item (i), if that same position has already been filled under paragraph (a), clause (6), item (i), in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position; ~~and~~

(3) an early childhood family education teacher employed by a school district; and

(4) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities as the instructor of record to teach (i) one class for more than three credits in a fiscal year, or (ii) two or more credit-bearing classes in a fiscal year.

Sec. 11. Minnesota Statutes 2022, section 179A.03, subdivision 18, is amended to read:

Subd. 18. **Teacher.** "Teacher" means any public employee other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisory or confidential employee, employed by a school district:

(1) in a position for which the person must be licensed by the Professional Educator Licensing and Standards Board or the commissioner of education; ~~or~~

(2) in a position as a physical therapist, occupational therapist, art therapist, music therapist, or audiologist; or

(3) in a position creating and delivering instruction to children in a preschool, school readiness, school readiness plus, or prekindergarten program or other school district or charter school-based early education program, except that an employee in a bargaining unit certified before January 1, 2023, may remain in a bargaining unit that does not include teachers unless an exclusive representative files a petition for a unit clarification or to transfer exclusive representative status.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 12. Minnesota Statutes 2022, section 179A.03, subdivision 19, is amended to read:

Subd. 19. **Terms and conditions of employment.** "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits except retirement contributions or benefits other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay, staffing ratios, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07. In the case of school employees, "terms and conditions of employment" includes adult-to-student ratios in classrooms, student testing, and student-to-personnel ratios.

Sec. 13. Minnesota Statutes 2022, section 179A.06, subdivision 6, is amended to read:

Subd. 6. ~~Dues checkoff~~ **Payroll deduction, authorization, and remittance.** (a) Public employees have the right to request and be allowed ~~dues checkoff~~ payroll deduction for the exclusive

representative. In the absence of an exclusive representative, public employees have the right to request and be allowed dues checkoff for the organization of their choice, and the political fund associated with the exclusive representative and registered pursuant to section 10A.12. A public employer must rely on a certification from any exclusive representative requesting remittance of a deduction that the organization has and will maintain an authorization, signed by the public employee from whose salary or wages the deduction is to be made, which may include an electronic signature by the public employee as defined in section 325L.02, paragraph (h). An exclusive representative making such certification must not be required to provide the public employer a copy of the authorization unless a dispute arises about the existence or terms of the authorization. The exclusive representative must indemnify the public employer for any successful claims made by the employee for unauthorized deductions in reliance on the certification.

(b) A dues deduction authorization remains in effect until the employer receives notice from the exclusive representative that a public employee has changed or canceled their authorization in writing in accordance with the terms of the original authorizing document, and a public employer must rely on information from the exclusive representative receiving remittance of the deduction regarding whether the deductions have been properly changed or canceled. The exclusive representative must indemnify the public employer, including any reasonable attorney fees and litigation costs, for any successful claims made by the employee for unauthorized deductions made in reliance on such information.

(c) Deduction authorization under this section is independent from the public employee's membership status in the organization to which payment is remitted and is effective regardless of whether a collective bargaining agreement authorizes the deduction.

(d) Employers must commence deductions within 30 days of notice of authorization from the exclusive representative and must remit the deductions to the exclusive representative within 30 days of the deduction. The failure of an employer to comply with the provisions of this paragraph shall be an unfair labor practice under section 179A.13, the relief for which shall be reimbursement by the employer of deductions that should have been made or remitted based on a valid authorization given by the employee or employees.

(e) In the absence of an exclusive representative, public employees have the right to request and be allowed payroll deduction for the organization of their choice.

(f) Any dispute under this subdivision must be resolved through an unfair labor practice proceeding under section 179A.13.

Sec. 14. Minnesota Statutes 2022, section 179A.07, subdivision 1, is amended to read:

Subdivision 1. **Inherent managerial policy.** A public employer is not required to meet and negotiate on matters of inherent managerial policy. Matters of inherent managerial policy include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure, selection of personnel, and direction ~~and the number~~ of personnel. No public employer shall sign an agreement which limits its right to select persons to serve as supervisory employees or state managers under section 43A.18, subdivision 3, or requires the use of seniority in their selection.

Sec. 15. Minnesota Statutes 2022, section 179A.07, subdivision 6, is amended to read:

Subd. 6. **Time off.** A public employer must afford reasonable time off to elected officers or appointed representatives of the exclusive representative to conduct the duties of the exclusive representative and must, upon request, provide for leaves of absence to elected or appointed officials of the exclusive representative, to elected or appointed officials of an affiliate of an exclusive representative, or to a full-time appointed official of an exclusive representative of teachers in another Minnesota school district.

Sec. 16. Minnesota Statutes 2022, section 179A.07, is amended by adding a subdivision to read:

Subd. 8. **Bargaining unit information.** (a) Within 20 calendar days from the date of hire of a bargaining unit employee, a public employer must provide the following contact information to an exclusive representative in an Excel file format or other format agreed to by the exclusive representative: name; job title; worksite location, including location within a facility when appropriate; home address; work telephone number; home and personal cell phone numbers on file with the public employer; date of hire; and work email address and personal email address on file with the public employer.

(b) Every 120 calendar days beginning on January 1, 2024, a public employer must provide to an exclusive representative in an Excel file or similar format agreed to by the exclusive representative the following information for all bargaining unit employees: name; job title; worksite location, including location within a facility when appropriate; home address; work telephone number; home and personal cell phone numbers on file with the public employer; date of hire; and work email address and personal email address on file with the public employer.

(c) A public employer must notify an exclusive representative within 20 calendar days of the separation of employment or transfer out of the bargaining unit of a bargaining unit employee.

Sec. 17. Minnesota Statutes 2022, section 179A.07, is amended by adding a subdivision to read:

Subd. 9. **Access.** (a) A public employer must allow an exclusive representative to meet in person with newly hired employees, without charge to the pay or leave time of the employees, for 30 minutes, within 30 calendar days from the date of hire, during new employee orientations or, if the employer does not conduct new employee orientations, at individual or group meetings. An exclusive representative shall receive no less than ten days' notice in advance of an orientation, except that a shorter notice may be provided where there is an urgent need critical to the operations of the public employer that was not reasonably foreseeable. Notice of and attendance at new employee orientations and other meetings under this paragraph must be limited to the public employer, the employees, the exclusive representative, and any vendor contracted to provide a service for purposes of the meeting. Meetings may be held virtually or for longer than 30 minutes only by mutual agreement of the public employer and exclusive representative.

(b) A public employer must allow an exclusive representative to communicate with bargaining unit members using their employer-issued email addresses regarding collective bargaining, the administration of collective bargaining agreements, the investigation of grievances, other workplace-related complaints and issues, and internal matters involving the governance or business of the exclusive representative, consistent with the employer's generally applicable technology use policies.

(c) A public employer must allow an exclusive representative to meet with bargaining unit members in facilities owned or leased by the public employer regarding collective bargaining, the administration of collective bargaining agreements, grievances and other workplace-related complaints and issues, and internal matters involving the governance or business of the exclusive representative, provided the use does not interfere with governmental operations and the exclusive representative complies with worksite security protocols established by the public employer. Meetings conducted in government buildings pursuant to this paragraph must not be for the purpose of supporting or opposing any candidate for partisan political office or for the purpose of distributing literature or information regarding partisan elections. An exclusive representative conducting a meeting in a government building or other government facility pursuant to this subdivision may be charged for maintenance, security, and other costs related to the use of the government building or facility that would not otherwise be incurred by the government entity.

Sec. 18. Minnesota Statutes 2022, section 179A.12, is amended by adding a subdivision to read:

Subd. 2a. **Majority verification procedure.** (a) Notwithstanding any other provision of this section, an employee organization may file a petition with the commissioner requesting certification as the exclusive representative of an appropriate unit based on a verification that over 50 percent of the employees in the proposed appropriate unit wish to be represented by the petitioner. The commissioner shall require dated representation authorization signatures of affected employees as verification of the employee organization's claim of majority status.

(b) Upon receipt of an employee organization's petition, accompanied by employee authorization signatures under this subdivision, the commissioner shall investigate the petition. If the commissioner determines that over 50 percent of the employees in an appropriate unit have provided authorization signatures designating the employee organization specified in the petition as their exclusive representative, the commissioner shall not order an election but shall certify the employee organization.

Sec. 19. Minnesota Statutes 2022, section 179A.12, subdivision 6, is amended to read:

Subd. 6. **Authorization signatures.** In determining the numerical status of an employee organization for purposes of this section, the commissioner shall require dated representation authorization signatures of affected employees as verification of the statements contained in the joint request or petitions. These authorization signatures shall be privileged and confidential information available to the commissioner only. Electronic signatures, as defined in section 325L.02, paragraph (h), shall be valid as authorization signatures. Authorization signatures shall be valid for a period of one year following the date of signature.

Sec. 20. Minnesota Statutes 2022, section 179A.12, subdivision 11, is amended to read:

Subd. 11. **Unfair labor practices.** If the commissioner finds that an unfair labor practice was committed by an employer or representative candidate or an employee or group of employees, and that the unfair labor practice affected the result of an election or majority verification procedure pursuant to subdivision 2a, or that procedural or other irregularities in the conduct of the election or majority verification procedure may have substantially affected its results, the commissioner may void the ~~election~~ result and order a new election or majority verification procedure.

Sec. 21. Minnesota Statutes 2022, section 181.03, subdivision 6, is amended to read:

Subd. 6. **Retaliation.** An employer ~~must~~ shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights or remedies under this section, sections 177.21 to 177.44, 181.01 to 181.723, or 181.79, including, but not limited to, filing a complaint with the department or telling the employer of the employee's intention to file a complaint. In addition to any other remedies provided by law, an employer who violates this subdivision is liable for a civil penalty of not less than \$700 nor more than \$3,000 per violation.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 22. Minnesota Statutes 2022, section 181.06, subdivision 2, is amended to read:

Subd. 2. **Payroll deductions.** A written contract may be entered into between an employer and an employee wherein the employee authorizes the employer to make payroll deductions for the purpose of paying union dues, premiums of any life insurance, hospitalization and surgical insurance, group accident and health insurance, group term life insurance, group annuities or contributions to credit unions or a community chest fund, a local arts council, a local science council or a local arts and science council, or Minnesota benefit association, a federally or state registered political action committee, membership dues of a relief association governed by sections 424A.091 to 424A.096 or Laws 2013, chapter 111, article 5, sections 31 to 42, contributions to a nonprofit organization that is tax exempt under section 501(c) of the Internal Revenue Code, or participation in any employee stock purchase plan or savings plan for periods longer than 60 days, including gopher state bonds established under section 16A.645. A private sector employer must make payroll deductions to a nonlabor organization under this subdivision when requested by five or more employees.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 23. Minnesota Statutes 2022, section 181.172, is amended to read:

**181.172 WAGE DISCLOSURE PROTECTION.**

(a) An employer shall not:

- (1) require nondisclosure by an employee of his or her wages as a condition of employment;
- (2) require an employee to sign a waiver or other document which purports to deny an employee the right to disclose the employee's wages; or
- (3) take any adverse employment action against an employee for disclosing the employee's own wages or discussing another employee's wages which have been disclosed voluntarily.

(b) Nothing in this section shall be construed to:

- (1) create an obligation on any employer or employee to disclose wages;
- (2) permit an employee, without the written consent of the employer, to disclose proprietary information, trade secret information, or information that is otherwise subject to a legal privilege or protected by law;

(3) diminish any existing rights under the National Labor Relations Act under United States Code, title 29; or

(4) permit the employee to disclose wage information of other employees to a competitor of their employer.

(c) An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section.

(d) An employer ~~may~~ shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights or remedies under this section.

(e) An employee may bring a civil action against an employer for a violation of paragraph (a) or (d). If a court finds that an employer has violated paragraph (a) or (d), the court may order reinstatement, back pay, restoration of lost service credit, if appropriate, and the expungement of any related adverse records of an employee who was the subject of the violation.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 24. Minnesota Statutes 2022, section 181.275, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "emergency" means a period when replacement staff are not able to report for duty for the next shift or increased patient need, because of unusual, unpredictable, or unforeseen circumstances such as, but not limited to, an act of terrorism, a disease outbreak, adverse weather conditions, or natural disasters which impact continuity of patient care;

(2) "normal work period" means 12 or fewer consecutive hours consistent with a predetermined work shift;

(3) "nurse" has the meaning given in section 148.171, subdivision 9, and includes nurses employed by the state of Minnesota; and

(4) "taking action against" means discharging; disciplining; penalizing; interfering with; threatening; restraining; coercing; reporting to the Board of Nursing; or otherwise retaliating or discriminating against; ~~or penalizing~~ regarding compensation, terms, conditions, location, or privileges of employment.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 25. **[181.531] EMPLOYER-SPONSORED MEETINGS OR COMMUNICATION.**

Subdivision 1. **Prohibition.** An employer or the employer's agent, representative, or designee must not discharge, discipline, or otherwise penalize or threaten to discharge, discipline, or otherwise penalize or take any adverse employment action against an employee:

(1) because the employee declines to attend or participate in an employer-sponsored meeting or declines to receive or listen to communications from the employer or the agent, representative, or designee of the employer if the meeting or communication is to communicate the opinion of the employer about religious or political matters;

(2) as a means of inducing an employee to attend or participate in meetings or receive or listen to communications described in clause (1); or

(3) because the employee, or a person acting on behalf of the employee, makes a good-faith report, orally or in writing, of a violation or a suspected violation of this section.

Subd. 2. **Remedies.** An aggrieved employee may bring a civil action to enforce this section no later than 90 days after the date of the alleged violation in the district court where the violation is alleged to have occurred or where the principal office of the employer is located. The court may award a prevailing employee all appropriate relief, including injunctive relief, reinstatement to the employee's former position or an equivalent position, back pay and reestablishment of any employee benefits, including seniority, to which the employee would otherwise have been eligible if the violation had not occurred and any other appropriate relief as deemed necessary by the court to make the employee whole. The court shall award a prevailing employee reasonable attorney fees and costs.

Subd. 3. **Notice.** Within 30 days of the effective date of this section, an employer subject to this section shall post and keep posted, a notice of employee rights under this section where employee notices are customarily placed.

Subd. 4. **Scope.** This section does not:

(1) prohibit communications of information that the employer is required by law to communicate, but only to the extent of the lawful requirement;

(2) limit the rights of an employer or its agent, representative, or designee to conduct meetings involving religious or political matters so long as attendance is wholly voluntary or to engage in communications so long as receipt or listening is wholly voluntary; or

(3) limit the rights of an employer or its agent, representative, or designee from communicating to its employees any information, or requiring employee attendance at meetings and other events, that is necessary for the employees to perform their lawfully required job duties.

Subd. 5. **Definitions.** For the purposes of this section:

(1) "political matters" means matters relating to elections for political office, political parties, proposals to change legislation, proposals to change regulations, proposals to change public policy, and the decision to join or support any political party or political, civic, community, fraternal, or labor organization; and

(2) "religious matters" means matters relating to religious belief, affiliation, and practice and the decision to join or support any religious organization or association.

**EFFECTIVE DATE.** This section is effective August 1, 2023, and applies to causes of action accruing on or after that date.

Sec. 26. Minnesota Statutes 2022, section 181.932, subdivision 1, is amended to read:

Subdivision 1. **Prohibited action.** An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against, ~~or penalize~~ an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because:

(1) the employee, or a person acting on behalf of an employee, in good faith, reports a violation, suspected violation, or planned violation of any federal or state law or common law or rule adopted pursuant to law to an employer or to any governmental body or law enforcement official;

(2) the employee is requested by a public body or office to participate in an investigation, hearing, inquiry;

(3) the employee refuses an employer's order to perform an action that the employee has an objective basis in fact to believe violates any state or federal law or rule or regulation adopted pursuant to law, and the employee informs the employer that the order is being refused for that reason;

(4) the employee, in good faith, reports a situation in which the quality of health care services provided by a health care facility, organization, or health care provider violates a standard established by federal or state law or a professionally recognized national clinical or ethical standard and potentially places the public at risk of harm;

(5) a public employee communicates the findings of a scientific or technical study that the employee, in good faith, believes to be truthful and accurate, including reports to a governmental body or law enforcement official; or

(6) an employee in the classified service of state government communicates information that the employee, in good faith, believes to be truthful and accurate, and that relates to state services, including the financing of state services, to:

(i) a legislator or the legislative auditor; or

(ii) a constitutional officer.

The disclosures protected pursuant to this section do not authorize the disclosure of data otherwise protected by law.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 27. Minnesota Statutes 2022, section 181.939, is amended to read:

**181.939 NURSING MOTHERS, LACTATING EMPLOYEES, AND PREGNANCY ACCOMMODATIONS.**

Subdivision 1. **Nursing mothers and lactating employees.** (a) An employer must provide reasonable break times each day to an employee who needs to express breast milk for her infant child during the twelve months following the birth of the child. The break times must, if possible, may run concurrently with any break times already provided to the employee. ~~An employer is not required to provide break times under this section if to do so would unduly disrupt the operations of the employer.~~ An employer shall not reduce an employee's compensation for time used for the purpose of expressing milk.

(b) The employer must make reasonable efforts to provide a clean, private, and secure room or other location, in close proximity to the work area, other than a bathroom or a toilet stall, that is shielded from view and free from intrusion from coworkers and the public and that includes access to an electrical outlet, where the employee can express milk in privacy. The employer would be held harmless if reasonable effort has been made.

(c) For the purposes of this subdivision, "employer" means a person or entity that employs one or more employees and includes the state and its political subdivisions.

(d) An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights or remedies under this subdivision.

Subd. 2. **Pregnancy accommodations.** (a) An employer must provide reasonable accommodations to an employee for health conditions related to pregnancy or childbirth upon request, with the advice of a licensed health care provider or certified doula, unless the employer demonstrates that the accommodation would impose an undue hardship on the operation of the employer's business. A pregnant employee shall not be required to obtain the advice of a licensed health care provider or certified doula, nor may an employer claim undue hardship for the following accommodations: (1) more frequent or longer restroom, food, and water breaks; (2) seating; and (3) limits on lifting over 20 pounds. The employee and employer shall engage in an interactive process with respect to an employee's request for a reasonable accommodation. Reasonable accommodation may include but is not limited to temporary transfer to a less strenuous or hazardous position, temporary leave of absence, modification in work schedule or job assignments, seating, more frequent restroom breaks or longer break periods, and limits to heavy lifting. Notwithstanding any other provision of this subdivision, an employer shall not be required to create a new or additional position in order to accommodate an employee pursuant to this subdivision and shall not be required to discharge an employee, transfer another employee with greater seniority, or promote an employee.

(b) Nothing in this subdivision shall be construed to affect any other provision of law relating to sex discrimination or pregnancy or in any way diminish the coverage of pregnancy, childbirth, or health conditions related to pregnancy or childbirth under any other provisions of any other law.

(c) An employer shall not require an employee to take a leave or accept an accommodation.

(d) An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights or remedies under this subdivision.

(e) For the purposes of this subdivision, "employer" means a person or entity that employs ~~fifteen~~ one or more employees and includes the state and its political subdivisions.

Subd. 3. **Notice to employees.** An employer shall inform employees of their rights under this section at the time of hire and when an employee makes an inquiry about or requests parental leave. Information must be provided in English and the primary language of the employee as identified by the employee. An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section. The commissioner shall make available to employers the text to be included in the notice required by this section in English and the five most common languages spoken in Minnesota.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 28. Minnesota Statutes 2022, section 181.940, subdivision 2, is amended to read:

Subd. 2. **Employee.** "Employee" means a person who performs services for hire for an employer from whom a leave is requested under sections 181.940 to 181.944 ~~for:~~

~~(1) at least 12 months preceding the request; and~~

~~(2) for an average number of hours per week equal to one-half the full-time equivalent position in the employee's job classification as defined by the employer's personnel policies or practices or pursuant to the provisions of a collective bargaining agreement, during the 12-month period immediately preceding the leave.~~

Employee includes all individuals employed ~~at any site owned or operated~~ by the employer but does not include an independent contractor.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 29. Minnesota Statutes 2022, section 181.940, subdivision 3, is amended to read:

Subd. 3. **Employer.** "Employer" means a person or entity that employs ~~21~~ one or more employees ~~at at least one site, except that, for purposes of the school leave allowed under section 181.9412,~~ employer means a person or entity that employs one or more employees in Minnesota. The term and includes an individual, corporation, partnership, association, business, trust, nonprofit organization, group of persons, state, county, town, city, school district, or other governmental subdivision.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 30. Minnesota Statutes 2022, section 181.941, subdivision 3, is amended to read:

Subd. 3. **No employer retribution.** An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for requesting or obtaining a leave of absence as provided by this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 31. Minnesota Statutes 2022, section 181.9413, is amended to read:

**181.9413 SICK LEAVE BENEFITS; CARE OF RELATIVES.**

(a) An employee may use personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's child, as defined in section 181.940, subdivision 4, adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent, for reasonable periods of time as the employee's attendance may be necessary, on the same terms upon which the employee is able to use sick leave benefits for the employee's own illness or injury. This section applies only to personal sick leave benefits payable to the employee from the employer's general assets.

(b) An employee may use sick leave as allowed under this section for safety leave, whether or not the employee's employer allows use of sick leave for that purpose for such reasonable periods of time as may be necessary. Safety leave may be used for assistance to the employee or assistance to the relatives described in paragraph (a). For the purpose of this section, "safety leave" is leave for the purpose of providing or receiving assistance because of sexual assault, domestic abuse, or harassment or stalking. For the purpose of this paragraph:

(1) "domestic abuse" has the meaning given in section 518B.01;

(2) "sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352; and

(3) "harass" and "stalking" have the meanings given in section 609.749.

(c) An employer may limit the use of safety leave as described in paragraph (b) or personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent to no less than 160 hours in any 12-month period. This paragraph does not apply to absences due to the illness or injury of a child, as defined in section 181.940, subdivision 4.

(d) For purposes of this section, "personal sick leave benefits" means time accrued and available to an employee to be used as a result of absence from work due to personal illness or injury, but does not include short-term or long-term disability or other salary continuation benefits.

(e) For the purpose of this section, "child" includes a stepchild and a biological, adopted, and foster child.

(f) For the purpose of this section, "grandchild" includes a step-grandchild, and a biological, adopted, and foster grandchild.

(g) This section does not prevent an employer from providing greater sick leave benefits than are provided for under this section.

(h) An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for requesting or obtaining a leave of absence under this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 32. Minnesota Statutes 2022, section 181.942, is amended to read:

**181.942 REINSTATEMENT AFTER LEAVE.**

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.939 or 181.941 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or 181.9413 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections ~~181.940~~ 181.939 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Subd. 2. **Pay; benefits; on return.** An employee returning from a leave of absence under sections ~~181.940~~ 181.939 to 181.944 is entitled to return to employment at the same rate of pay the employee had been receiving when the leave commenced, plus any automatic adjustments in the employee's pay scale that occurred during leave period. The employee returning from a leave is entitled to retain all accrued preleave benefits of employment and seniority, as if there had been no interruption in service; provided that nothing in sections ~~181.940~~ 181.939 to 181.944 prevents the accrual of benefits or seniority during the leave pursuant to a collective bargaining or other agreement between the employer and employees.

Subd. 3. **Part-time return.** An employee, by agreement with the employer, may return to work part time during the leave period without forfeiting the right to return to employment at the end of the leave period, as provided in sections ~~181.940~~ 181.939 to 181.944.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 33. Minnesota Statutes 2022, section 181.9436, is amended to read:

**181.9436 POSTING OF LAW.**

The Division of Labor Standards and Apprenticeship shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections ~~181.940~~ 181.939 to 181.9436. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 34. Minnesota Statutes 2022, section 181.945, subdivision 3, is amended to read:

Subd. 3. **No employer sanctions.** An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for requesting or obtaining a leave of absence as provided by this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 35. Minnesota Statutes 2022, section 181.9456, subdivision 3, is amended to read:

Subd. 3. **No employer sanctions.** An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for requesting or obtaining a leave of absence as provided by this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 36. Minnesota Statutes 2022, section 181.956, subdivision 5, is amended to read:

Subd. 5. **Retaliation prohibited.** An employer ~~may~~ shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights and remedies provided in sections 181.950 to 181.954.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 37. Minnesota Statutes 2022, section 181.964, is amended to read:

**181.964 RETALIATION PROHIBITED.**

An employer ~~may~~ shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights or remedies provided in sections 181.960 to 181.965.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 38. **[181.991] RESTRICTIVE FRANCHISE AGREEMENTS PROHIBITED.**

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

(b) "Employee" means an individual employed by an employer and includes independent contractors.

(c) "Employer" has the meaning given in section 177.23, subdivision 6.

(d) "Franchise," "franchisee," and "franchisor" have the meanings given in section 80C.01, subdivisions 4 to 6.

Subd. 2. **Prohibition on restrictive franchise agreements.** (a) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of a franchisee of the same franchisor.

(b) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of the franchisor.

(c) Any provision of an existing contract that violates paragraph (a) or (b) is void and unenforceable. When a provision in an existing contract violates this section, the franchisee must provide notice to their employees of this law.

Subd. 3. **Franchise agreement amendment.** Notwithstanding any law to the contrary, no later than one year from the effective date of this section, franchisors shall:

(1) amend existing franchise agreements to remove any restrictive employment provision that violates subdivision 2; or

(2) sign a memorandum of understanding with each franchisee that provides that any contract provisions that violate subdivision 2 in any way are void and unenforceable, and provides notice to the franchisee of their rights and obligations under this section.

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

Sec. 39. Minnesota Statutes 2022, section 182.659, subdivision 1, is amended to read:

Subdivision 1. **Authority to inspect.** In order to carry out the purposes of this chapter, the commissioner, upon presenting appropriate credentials to the owner, operator, or agent in charge, is authorized to enter without delay and at reasonable times any place of employment; and to inspect and investigate during regular working hours and at other reasonable times, and within reasonable limits and in a reasonable manner, any such place of employment and all pertinent conditions, structures, machines, apparatus, devices, equipment, and materials therein, and to question privately any such employer, owner, operator, agent or employee. An employer or its representatives, including but not limited to its management, attorneys, or consultants, may not be present for any employee interview.

Sec. 40. Minnesota Statutes 2022, section 182.659, subdivision 8, is amended to read:

Subd. 8. **Protection from subpoena; data.** Neither the commissioner nor any current or former employee of the department, ~~including those employees of the Department of Health providing services to the Department of Labor and Industry, pursuant to section 182.67, subdivision 1,~~ is subject to subpoena for purposes of inquiry into any occupational safety and health inspection except in enforcement proceedings brought under this chapter. Data that identify individuals who provide data to the department as part of an investigation conducted under this chapter shall be private.

Sec. 41. Minnesota Statutes 2022, section 182.66, is amended by adding a subdivision to read:

Subd. 4. **Classification of citation data.** Notwithstanding section 13.39, subdivision 2, the data in a written citation is classified as public data 20 days after the employer has received the citation. All data in the citation is public, including but not limited to the employer's name, the employer's business address, and the address of the worksite; the date or dates of inspection; the date the citation was issued; the provision of the act, standard, rule, or order alleged to have been violated; the severity level of the citation; the description of the nature of the violation; the proposed abatement date; the proposed penalty; and any abatement guidelines. If a notice of contest is filed contesting any part of a citation pursuant to section 182.661, subdivision 3, the date that the notice was filed shall also be classified as public data 20 days after the employer has received the citation. When citation data is requested, the department must also provide any final settlement agreement or order amending or withdrawing the citation.

Sec. 42. Minnesota Statutes 2022, section 182.661, is amended by adding a subdivision to read:

Subd. 3c. **Contestation of time for correction of a violation.** (a) Where an employer contests the period of time fixed for correction of a violation that is not a serious, willful, or repeat violation, the period of time shall not run until the order of the commissioner becomes final.

(b) Where an employer or employee contests the period of time fixed for correction of a violation that is a serious, willful, or repeat violation, the commissioner may refer the matter to the office of administrative hearings for an expedited contested case hearing solely on the reasonableness of the time fixed for correction. The administrative law judge may order the employer to correct the violation pending final resolution of the cited violations on the merits.

Sec. 43. Minnesota Statutes 2022, section 182.676, is amended to read:

**182.676 SAFETY COMMITTEES.**

(a) Every public or private employer of more than 25 employees shall establish and administer a joint labor-management safety committee.

(b) Every public or private employer of 25 or fewer employees shall establish and administer a safety committee if: it is subject to the requirements of section 182.653, subdivision 8.

~~(1) the employer has a lost workday cases incidence rate in the top ten percent of all rates for employers in the same industry; or~~

~~(2) the workers' compensation premium classification assigned to the greatest portion of the payroll for the employer has a pure premium rate as reported by the Workers' Compensation Rating Association in the top 25 percent of premium rates for all classes.~~

(c) A safety committee must hold regularly scheduled meetings unless otherwise provided in a collective bargaining agreement.

(d) Employee safety committee members must be selected by employees. An employer that fails to establish or administer a safety committee as required by this section may be cited by the commissioner. A citation is punishable as a serious violation under section 182.666.

The commissioner may adopt rules necessary to implement this section.

Sec. 44. Minnesota Statutes 2022, section 326B.093, subdivision 4, is amended to read:

**Subd. 4. Examination results.** If the applicant receives a passing score on the examination and meets all other requirements for licensure, the commissioner must approve the application and notify the applicant of the approval within 60 days of the date of the passing score. The applicant must, within 180 days after the notification of approval, pay the license fee. Upon receipt of the license fee, the commissioner must issue the license. If the applicant does not pay the license fee within 180 days after the notification of approval, the commissioner will rescind the approval and must deny the application. If the applicant does not receive a passing score on the examination, the commissioner must deny the application. If the application is denied because of the applicant's failure to receive a passing score on the examination, then the applicant cannot submit a new application for the license until at least 30 days after the notification date of denial the failed examination.

Sec. 45. Minnesota Statutes 2022, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. **Refrigerants designated as acceptable for use.** No provision of the code or appendix chapter of the code may prohibit or otherwise limit the use of a refrigerant designated as acceptable for use in accordance with United States Code, title 42, section 7671k, provided any equipment containing the refrigerant is listed and installed in full compliance with all applicable requirements, safety standards, and use conditions imposed pursuant to such a designation or as otherwise required by law.

Sec. 46. Minnesota Statutes 2022, section 326B.163, subdivision 5, is amended to read:

Subd. 5. **Elevator.** As used in this chapter, "elevator" means moving walks and vertical transportation devices such as escalators, passenger elevators, freight elevators, dumbwaiters, hand-powered elevators, endless belt lifts, and wheelchair platform lifts. Elevator does not include external temporary material lifts or temporary construction personnel elevators at sites of construction of new or remodeled buildings.

Sec. 47. Minnesota Statutes 2022, section 326B.163, is amended by adding a subdivision to read:

Subd. 5a. **Platform lift.** As used in this chapter, "platform lift" means a powered hoisting and lowering device designed to transport mobility-impaired persons on a guided platform.

Sec. 48. Minnesota Statutes 2022, section 326B.164, subdivision 13, is amended to read:

Subd. 13. **Exemption from licensing.** (a) Employees of a licensed elevator contractor or licensed limited elevator contractor are not required to hold or obtain a license under this section or be provided with direct supervision by a licensed master elevator constructor, licensed limited master elevator constructor, licensed elevator constructor, or licensed limited elevator constructor to install, maintain, or repair platform lifts and stairway chairlifts. Unlicensed employees performing elevator work under this exemption must comply with subdivision 5. This exemption does not include the installation, maintenance, repair, or replacement of electrical wiring for elevator equipment.

(b) Contractors or individuals shall not be required to hold or obtain a license under this section when performing work on:

- (1) conveyors, excluding vertical reciprocating conveyors;
- (2) platform lifts not covered under section 326B.163, subdivision 5a; or
- (3) dock levelers.

Sec. 49. Minnesota Statutes 2022, section 326B.31, subdivision 30, is amended to read:

Subd. 30. **Technology system contractor.** "Technology system contractor" means a licensed contractor whose responsible licensed individual is a licensed power limited technician or licensed master electrician.

Sec. 50. Minnesota Statutes 2022, section 326B.32, subdivision 1, is amended to read:

Subdivision 1. **Composition.** (a) The Board of Electricity shall consist of 12 members. Eleven members shall be appointed by the governor with the advice and consent of the senate and shall be voting members. Appointments of members by the governor shall be made in accordance with section 15.066. If the senate votes to refuse to consent to an appointment of a member made by the governor, the governor shall appoint a new member with the advice and consent of the senate. One member shall be the commissioner of labor and industry or the commissioner's designee, who shall be a voting member. Of the 11 appointed members, the composition shall be as follows:

- (1) one member shall be an electrical inspector;
- (2) two members shall be representatives of the electrical suppliers in rural areas;
- (3) two members shall be master electricians, who shall be contractors;
- (4) two members shall be journeyworker electricians;
- (5) one member shall be a registered consulting electrical engineer;

(6) ~~two members~~ one member shall be a power limited ~~technicians~~ technician, who shall be a technology system ~~contractors primarily engaged in the business of installing technology circuits or systems~~ contractor; and

(7) one member shall be a power limited technician; and

~~(7)~~ (8) one member shall be a public member as defined by section 214.02.

The electrical inspector shall be appointed to a term to end December 31, 2011. One of the rural electrical suppliers shall be appointed for a term to end December 31, 2011. The other rural electrical supplier shall be appointed for a term to end December 31, 2010. The consulting electrical engineer shall be appointed for a term to end December 31, 2011. One of the master electrician contractors shall be appointed for a term to end December 31, 2011. The other master electrician contractor shall be appointed for a term to end December 31, 2010. One of the journeyworker electricians shall be appointed for a term to end December 31, 2011. The other journeyworker electrician shall be appointed for a term to end December 31, 2010. One of the power limited technicians shall be appointed for a term to end December 31, 2011. The other power limited technician shall be appointed for a term to end December 31, 2010. The public member shall be appointed for a term to end December 31, 2010.

(b) The consulting electrical engineer must possess a current Minnesota professional engineering license and maintain the license for the duration of the term on the board. All other appointed members, except for the public member and the representatives of electrical suppliers in rural areas, must possess a current electrical license issued by the Department of Labor and Industry and maintain that license for the duration of their terms. All appointed members must be residents of Minnesota at the time of and throughout the member's appointment. The term of any appointed member that does not maintain membership qualification status shall end on the date of the status change and the governor shall appoint a new member. It is the responsibility of the member to notify the board of their status change.

(c) For appointed members, except the initial terms designated in paragraph (a), each term shall be three years with the terms ending on December 31. Members appointed by the governor shall be limited to three consecutive terms. The governor shall, all or in part, reappoint the current members or appoint replacement members with the advice and consent of the senate. Midterm vacancies shall be filled for the remaining portion of the term. Vacancies occurring with less than six months time remaining in the term shall be filled for the existing term and the following three-year term. Members may serve until their successors are appointed but in no case later than July 1 in a year in which the term expires unless reappointed.

Sec. 51. Minnesota Statutes 2022, section 326B.36, subdivision 7, is amended to read:

Subd. 7. **Exemptions from inspections.** Installations, materials, or equipment shall not be subject to inspection under sections 326B.31 to 326B.399:

(1) when owned or leased, operated and maintained by any employer whose maintenance electricians are exempt from licensing under sections 326B.31 to 326B.399, while performing electrical maintenance work only as defined by rule;

(2) when owned or leased, and operated and maintained by any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or telephone company as defined under section 237.01, in the exercise of its utility, antenna, or telephone function; and

(i) are used exclusively for the generations, transformation, distribution, transmission, load control, or metering of electric current, or the operation of railway signals, or the transmission of intelligence, and do not have as a principal function the consumption or use of electric current by or for the benefit of any person other than such utility, cable communications company, or telephone company; and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(3) when used in the street lighting operations of an electrical utility;

(4) when used as outdoor area lights which are owned and operated by an electrical utility and which are connected directly to its distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction;

(5) when the installation, material, and equipment are in facilities subject to the jurisdiction of the federal Mine Safety and Health Act; or

(6) when the installation, material, and equipment is part of an elevator installation for which the elevator contractor, licensed under section 326B.164, is required to obtain a permit from the authority having jurisdiction as provided by section 326B.184, and the inspection has been or will be performed by an elevator inspector certified and licensed by the department. This exemption shall apply only to installations, material, and equipment permitted or required to be connected on the load side of the disconnecting means required for elevator equipment under National Electrical

Code Article 620, and elevator communications and alarm systems within the machine room, car, hoistway, or elevator lobby.

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

Sec. 52. Minnesota Statutes 2022, section 326B.36, is amended by adding a subdivision to read:

**Subd. 8. Electric utility exemptions; additional requirements.** For exemptions to inspections exclusively for load control allowed for electrical utilities under subdivision 7, clause (2), item (i), the exempted work must be:

(1) performed by a licensed electrician employed by a class A electrical contractor licensed under section 326B.33;

(2) for replacement or repair of existing equipment for an electric utility other than a public utility as defined in section 216B.02, subdivision 4, only; and

(3) completed on or before December 31, 2028.

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

Sec. 53. Minnesota Statutes 2022, section 326B.805, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** The license requirement does not apply to:

(1) an employee of a licensee performing work for the licensee;

(2) a material person, manufacturer, or retailer furnishing finished products, materials, or articles of merchandise who does not install or attach the items;

(3) an owner of residential real estate who builds or improves ~~any structure on~~ residential real estate, if the ~~building or improving is performed by the owner's bona fide employees or by individual owners personally.~~ owner occupies or will occupy the residential real estate for residential purposes, or will retain ownership for rental purposes upon completion of the building or improvement. This exemption does not apply to an owner who constructs or improves ~~property~~ residential real estate for purposes of resale or speculation if the building or improving is performed by the owner's bona fide employees or by individual owners personally. A. An owner of residential building contractor or residential remodeler real estate will be presumed to be building or improving for purposes of speculation if the ~~contractor or remodeler~~ owner constructs or improves more than one property within any 24-month period, unless the properties will be retained by the owner for rental purposes;

(4) an architect or professional engineer engaging in professional practice as defined by section 326.02, subdivisions 2 and 3;

(5) a person whose total gross annual receipts for performing specialty skills for which licensure would be required under this section do not exceed \$15,000;

(6) a mechanical contractor;

(7) a plumber, electrician, or other person whose profession is otherwise subject to statewide licensing, when engaged in the activity which is the subject of that licensure;

(8) specialty contractors who provide only one special skill as defined in section 326B.802;

(9) a school district, or a technical college governed under chapter 136F; and

(10) Habitat for Humanity and Builders Outreach Foundation, and their individual volunteers when engaged in activities on their behalf.

To qualify for the exemption in clause (5), a person must obtain a certificate of exemption from licensure from the commissioner. A certificate of exemption will be issued upon the applicant's filing with the commissioner, an affidavit stating that the applicant does not expect to exceed \$15,000 in gross annual receipts derived from performing services which require licensure under this section during the calendar year in which the affidavit is received. For the purposes of calculating fees under section 326B.092, a certificate of exemption is an entry level license. To renew the exemption in clause (5), the applicant must file an affidavit stating that the applicant did not exceed \$15,000 in gross annual receipts during the past calendar year. If a person, operating under the exemption in clause (5), exceeds \$15,000 in gross receipts during any calendar year, the person must immediately surrender the certificate of exemption and apply for the appropriate license. The person must remain licensed until such time as the person's gross annual receipts during a calendar year fall below \$15,000. The person may then apply for an exemption for the next calendar year.

Sec. 54. Minnesota Statutes 2022, section 326B.921, subdivision 8, is amended to read:

**Subd. 8. Reciprocity with other states.** ~~The commissioner may issue a temporary license without examination, upon payment of the required fee, to nonresident applicants who are licensed under the laws of a state having standards for licensing which the commissioner determines are substantially equivalent to the standards of this state if the other state grants similar privileges to Minnesota residents duly licensed in this state. Applicants who receive a temporary license under this section may acquire an aggregate of 24 months of experience before they have to apply and pass the licensing examination. Applicants must register with the commissioner of labor and industry and the commissioner shall set a fee for a temporary license. Applicants have five years in which to comply with this section.~~

(a) The commissioner may enter into reciprocity agreements for personal licenses with another state if approved by the board. Once approved by the board, the commissioner may issue a personal license without requiring the applicant to pass an examination provided the applicant:

(1) submits an application under this section;

(2) pays the application and examination fee and license fee required under section 326B.092;  
and

(3) holds a valid comparable license in the state participating in the agreement.

(b) Reciprocity agreements are subject to the following:

(1) the parties to the agreement must administer a statewide licensing program that includes examination and qualifying experience or training comparable to Minnesota's licensing program;

(2) the experience and training requirements under which an individual applicant qualified for examination in the qualifying state must be deemed equal to or greater than required for an applicant making application in Minnesota at the time the applicant acquired the license in the qualifying state;

(3) the applicant must have acquired the license in the qualifying state through an examination deemed equivalent to the same class of license examination in Minnesota;

(4) at the time of application, the applicant must hold a valid license in the qualifying state and have held the license continuously for at least one year before making application in Minnesota;

(5) an applicant is not eligible for a license under this subdivision if the applicant has failed the same or greater class of license examination in Minnesota, or if the applicant's license of the same or greater class has been revoked or suspended; and

(6) an applicant who has failed to renew a personal license for two years or more after its expiration is not eligible for a license under this subdivision.

Sec. 55. Minnesota Statutes 2022, section 326B.925, subdivision 1, is amended to read:

Subdivision 1. **Composition.** (a) The Board of High Pressure Piping Systems shall consist of 13 members. Twelve members shall be appointed by the governor with the advice and consent of the senate and shall be voting members. Appointments of members by the governor shall be made in accordance with section 15.066. If the senate votes to refuse to consent to an appointment of a member made by the governor, the governor shall appoint a new member with the advice and consent of the senate. One member shall be the commissioner of labor and industry or the commissioner of labor and industry's designee, who shall be a voting member. Of the 12 appointed members, the composition shall be as follows:

(1) one member shall be a high pressure piping inspector;

(2) one member shall be a licensed mechanical engineer;

(3) one member shall be a representative of the high pressure piping industry;

(4) four members shall be master high pressure pipefitters engaged in the business of high pressure piping, two from the metropolitan area and two from greater Minnesota;

(5) two members shall be journeyworker high pressure pipefitters ~~engaged in the business of high pressure piping systems installation~~, one from the metropolitan area and one from greater Minnesota;

(6) one member shall be a representative of industrial companies that use high pressure piping systems in their industrial process;

(7) one member shall be a representative from utility companies in Minnesota; and

(8) one member shall be a public member as defined by section 214.02.

The high pressure piping inspector shall be appointed for a term to end December 31, 2011. The professional mechanical engineer shall be appointed for a term to end December 31, 2010. The representative of the high pressure piping industry shall be appointed for a term to end December 31, 2011. Two of the master high pressure pipefitters shall be appointed for a term to end December 31, 2011. The other two master high pressure pipefitters shall be appointed for a term to end December 31, 2010. One of the journeyworker high pressure pipefitters shall be appointed for a term to end December 31, 2011. The other journeyworker high pressure pipefitter shall be appointed for a term to end December 31, 2010. The one representative of industrial companies that use high pressure piping systems in their industrial process shall be appointed for a term to end December 31, 2010. The one representative of a utility company in Minnesota shall be appointed for a term to end December 31, 2010. The public member shall be appointed for a term to end December 31, 2010.

(b) The licensed professional mechanical engineer must possess a current Minnesota professional engineering license and maintain the license for the duration of their term. All other appointed members, except for the representative of the piping industry, the representative of industrial companies that use high pressure piping systems, the public member, and the representative of public utility companies in Minnesota, must possess a current high pressure piping license issued by the Department of Labor and Industry and maintain that license for the duration of their term. All appointed members must be residents of Minnesota at the time of and throughout the member's appointment. The term of any appointed member that does not maintain membership qualification status shall end on the date of status change and the governor shall appoint a new member. It is the responsibility of the member to notify the board of the member's status change.

(c) For appointed members, except the initial terms designated in paragraph (a), each term shall be three years with the terms ending on December 31. Members appointed by the governor shall be limited to three consecutive terms. The governor shall, all or in part, reappoint the current members or appoint replacement members with the advice and consent of the senate. Midterm vacancies shall be filled for the remaining portion of the term. Vacancies occurring with less than six months time remaining in the term shall be filled for the existing term and the following three-year term. Members may serve until their successors are appointed but in no case later than July 1 in a year in which the term expires unless reappointed.

Sec. 56. Minnesota Statutes 2022, section 326B.988, is amended to read:

**326B.988 EXCEPTIONS.**

(a) The provisions of sections 326B.95 to 326B.998 shall not apply to:

(1) boilers and pressure vessels in buildings occupied solely for residence purposes with accommodations for not more than five families;

(2) railroad locomotives operated by railroad companies for transportation purposes;

(3) air tanks installed on the right-of-way of railroads and used directly in the operation of trains;

(4) boilers and pressure vessels under the direct jurisdiction of the United States;

(5) unfired pressure vessels having an internal or external working pressure not exceeding 15 psig with no limit on size;

(6) pressure vessels used for storage of compressed air not exceeding five cubic feet in volume and equipped with an ASME code stamped safety valve set at a maximum of 100 psig;

(7) pressure vessels having an inside diameter not exceeding six inches;

(8) every vessel that contains water under pressure, including those containing air that serves only as a cushion, whose design pressure does not exceed 300 psig and whose design temperature does not exceed 210 degrees Fahrenheit;

(9) boiler or pressure vessels located on farms used solely for agricultural or horticultural purposes; for purposes of this section, boilers used for mint oil extraction are considered used for agricultural or horticultural purposes, provided that the owner or lessee complies with the inspection requirements contained in section 326B.958;

(10) tanks or cylinders used for storage or transfer of liquefied petroleum gases;

(11) unfired pressure vessels in petroleum refineries;

(12) an air tank or pressure vessel which is an integral part of a passenger motor bus, truck, or trailer;

(13) hot water heating and other hot liquid boilers not exceeding a heat input of 750,000 BTU per hour;

(14) hot water supply boilers (~~water heaters~~) not exceeding a heat input of ~~500,000~~ 200,000 BTU per hour, ~~a water temperature of 210 degrees Fahrenheit, or potable water heaters not exceeding a heat input of 200,000 BTU per hour or a nominal water capacity of 120 gallons, or a pressure of 160 psig;~~

(15) a laundry and dry cleaning press not exceeding five cubic feet of steam volume;

(16) pressure vessels operated full of water or other liquid not materially more hazardous than water, if the vessel's contents' temperature does not exceed 210 degrees Fahrenheit or a pressure of 200 psig;

(17) steam-powered turbines at papermaking facilities which are powered by steam generated by steam facilities at a remote location;

(18) manually fired boilers for model locomotive, boat, tractor, stationary engine, or antique motor vehicles constructed or maintained only as a hobby for exhibition, educational or historical purposes and not for commercial use, if the boilers have an inside diameter of 12 inches or less, or a grate area of two square feet or less, and are equipped with an ASME stamped safety valve of adequate size, a water level indicator, and a pressure gauge;

(19) any pressure vessel used as an integral part of an electrical circuit breaker;

(20) pressure vessels used for the storage of refrigerant if they are built to ASME code specifications, registered with the national board, and equipped with an ASME code-stamped pressure-relieving device set no higher than the maximum allowable working pressure of the vessel. This does not include pressure vessels used in ammonia refrigeration systems;

(21) pressure vessels used for the storage of oxygen, nitrogen, helium, carbon dioxide, argon, nitrous oxide, or other medical gas, provided the vessel is constructed to ASME or Minnesota Department of Transportation specifications and equipped with an ASME code-stamped pressure-relieving device. The owner of the vessels shall perform annual visual inspections and planned maintenance on these vessels to ensure vessel integrity;

(22) pressure vessels used for the storage of compressed air for self-contained breathing apparatuses;

(23) hot water heating or other hot liquid boilers vented directly to the atmosphere; and

(24) pressure vessels used for the storage of compressed air not exceeding 1.5 cubic feet (11.22 gallons) in volume with a maximum allowable working pressure of 600 psi or less.

(b) An engineer's license is not required for hot water supply boilers.

(c) An engineer's license and annual inspection by the department is not required for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not exceeding 100,000 BTU per hour input, 25 kilowatt, and a pressure of 15 psig.

(d) Electric boilers not exceeding a maximum working pressure of 50 psig, maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure vessels and shall not require an engineer license to operate.

Sec. 57. **[327.30] SACRED COMMUNITIES AND MICRO-UNIT DWELLINGS.**

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) Chronically homeless" means an individual who:

(1) is homeless and lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter;

(2) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last three years; and

(3) has an adult head of household, or a minor head-of-household if no adult is present in the household, with a diagnosable substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability, including the co-occurrence of two or more of those conditions.

(c) "Designated volunteers" means persons who have not experienced homelessness and have been approved by the religious institution to live in a sacred community as their sole form of housing.

(d) "Extremely low income" means an income that is equal to or less than 30 percent of the area median income, adjusted for family size, as estimated by the Department of Housing and Urban Development.

(e) "Micro unit" means a mobile residential dwelling providing permanent housing within a sacred community that meets the requirements of subdivision 4.

(f) "Religious institution" means a church, synagogue, mosque, or other religious organization organized under chapter 315.

(g) "Sacred community" means a residential settlement established on or contiguous to the grounds of a religious institution's primary worship location primarily for the purpose of providing permanent housing for chronically homeless persons, extremely low-income persons, and designated volunteers that meets the requirements of subdivision 3.

Subd. 2. **Dwelling in micro units in sacred communities authorized.** Religious institutions are authorized to provide permanent housing to people who are chronically homeless, extremely low-income, or designated volunteers, in sacred communities composed of micro units subject to the provisions of this section. Each religious institution that has sited a sacred community must annually certify to the local unit of government that it has complied with the eligibility requirements for residents of a sacred community in this section.

Subd. 3. **Sacred community requirements.** (a) A sacred community must provide residents of micro units access to water and electric utilities either by connecting the micro units to the utilities that are serving the principal building on the lot or by other comparable means, or by providing the residents access to permanent common kitchen facilities and common facilities for toilet, bathing, and laundry with the number and type of fixtures required for an R-2 boarding house under Minnesota Rules, part 1305.2902. Any units that are plumbed shall not be included in determining the minimum number of fixtures required for the common facilities.

(b) A sacred community under this section must:

(1) be appropriately insured;

(2) have between one-third and 40 percent of the micro units occupied by designated volunteers; and

(3) provide the municipality with a written plan approved by the religious institution's governing board that outlines:

(i) disposal of water and sewage from micro units if not plumbed;

(ii) septic tank drainage if plumbed units are not hooked up to the primary worship location's system;

(iii) adequate parking, lighting, and access to units by emergency vehicles;

(iv) protocols for security and addressing conduct within the settlement; and

(v) safety protocols for severe weather.

(c) Unless the municipality has designated sacred communities meeting the requirements of this section as permitted uses, a sacred community meeting the requirements of this section shall be approved and regulated as a conditional use without the application of additional standards not included in this section. When approved, additional permitting is not required for individual micro units.

(d) Sacred communities are subject to the laws governing landlords and tenants under chapter 504B.

Subd. 4. **Micro unit requirements.** (a) In order to be eligible to be placed within a sacred community, a micro unit must be built to the requirements of the American National Standards Institute (ANSI) Code 119.5, which includes standards for heating, electrical systems, and fire and life safety. A micro unit must also meet the following technical requirements:

(1) be no more than 400 gross square feet;

(2) be built on a permanent chassis and anchored to pin foundations with engineered fasteners;

(3) have exterior materials that are compatible in composition, appearance, and durability to the exterior materials used in standard residential construction;

(4) have a minimum insulation rating of R-20 in walls, R-30 in floors, and R-38 in ceilings, as well as residential grade insulated doors and windows;

(5) have a dry, compostable, or plumbed toilet or other system meeting the requirements of the Minnesota Pollution Control Agency, Chapters 7035, 7040, 7049, and 7080, or other applicable rules;

(6) have either an electrical system that meets NFPA 70 NEC, section 551 or 552 as applicable or a low voltage electrical system that meets ANSI/RVIA Low Voltage Standard, current edition;

(7) have minimum wall framing with two inch by four inch wood or metal studs with framing of 16 inches to 24 inches on center, or the equivalent in structural insulated panels, with a floor load of 40 pounds per square foot and a roof live load of 42 pounds per square foot; and

(8) have smoke and carbon monoxide detectors installed.

(b) All micro units, including their anchoring, must be inspected and certified for compliance with these requirements by a licensed Minnesota professional engineer or qualified third-party inspector for ANSI compliance accredited pursuant to either the American Society for Testing and Materials Appendix E541 or ISO/IEC 17020.

(c) Micro units that connect to utilities such as water, sewer, gas, or electric, must obtain any permits or inspections required by the municipality or utility company for that connection.

(d) Micro units must comply with municipal setback requirements established by ordinance for manufactured homes. If a municipality does not have such an ordinance, micro units must be set back on all sides by at least ten feet.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 58. Minnesota Statutes 2022, section 572B.17, is amended to read:

**572B.17 WITNESSES; SUBPOENAS; DEPOSITIONS; DISCOVERY.**

(a) An arbitrator may issue a subpoena for the attendance of a witness and for the production of records and other evidence at any hearing and may administer oaths. A subpoena must be served in the manner for service of subpoenas in a civil action and, upon motion to the court by a party to the arbitration proceeding or the arbitrator, enforced in the manner for enforcement of subpoenas in a civil action.

(b) On request of a party to or a witness in an arbitration proceeding, an arbitrator may permit a deposition of any witness to provide testimony at the arbitration hearing, including a witness who cannot be subpoenaed for or is unable to attend a hearing, to be taken under conditions determined by the arbitrator for use as evidence in order to make the proceeding fair, expeditious, and cost-effective.

(c) An arbitrator may permit such discovery as the arbitrator decides is appropriate in the circumstances, taking into account the needs of the parties to the arbitration proceeding and other affected persons and the desirability of making the proceeding fair, expeditious, and cost-effective.

(d) If an arbitrator permits discovery under subsection (c), the arbitrator may order a party to the arbitration proceeding to comply with the arbitrator's discovery-related orders, including the issuance of a subpoena for the attendance of a witness and for the production of records and other evidence at a discovery proceeding, and may take action against a party to the arbitration proceeding who does not comply to the extent permitted by law as if the controversy were the subject of a civil action in this state.

(e) An arbitrator may issue a protective order to prevent the disclosure of privileged information, confidential information, trade secrets, data classified as nonpublic or private pursuant to chapter 13, and other information protected from disclosure as if the controversy were the subject of a civil action in this state.

(f) All laws compelling a person under subpoena to testify and all fees for attending a judicial proceeding, a deposition, or a discovery proceeding as a witness apply to an arbitration proceeding as if the controversy were the subject of a civil action under the laws and rules of civil procedure of this state.

(g) The court may enforce a subpoena or discovery-related order for the attendance of a witness within this state and for the production of records and other evidence issued by an arbitrator in connection with an arbitration proceeding in another state upon conditions determined by the court in order to make the arbitration proceeding fair, expeditious, and cost-effective. A subpoena or discovery-related order issued by an arbitrator must be served in the manner provided by law for service of subpoenas in a civil action in this state and, upon motion to the court by a party to the arbitration proceeding or the arbitrator, enforced in the manner provided by law for enforcement of subpoenas in a civil action in this state.

Sec. 59. **REPEALER.**

Minnesota Statutes 2022, section 179A.12, subdivision 2, is repealed.

**ARTICLE 12****EARNED SICK AND SAFE TIME**

Section 1. Minnesota Statutes 2022, section 181.032, is amended to read:

**181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER; NOTICE TO EMPLOYEE.**

(a) At the end of each pay period, the employer shall provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements.

(b) The earnings statement may be in any form determined by the employer but must include:

(1) the name of the employee;

(2) the rate or rates of pay and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission, or other method;

(3) allowances, if any, claimed pursuant to permitted meals and lodging;

(4) the total number of hours worked by the employee unless exempt from chapter 177;

(5) the total number of earned sick and safe time hours accrued and available for use under section 181.9446;

(6) the total number of earned sick and safe time hours used during the pay period under section 181.9447;

(7) the total amount of gross pay earned by the employee during that period;

~~(8)~~ (8) a list of deductions made from the employee's pay;

~~(9)~~ (9) the net amount of pay after all deductions are made;

~~(10)~~ (10) the date on which the pay period ends;

~~(11)~~ (11) the legal name of the employer and the operating name of the employer if different from the legal name;

~~(12)~~ (12) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

~~(13)~~ (13) the telephone number of the employer.

(c) An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form. Once an employer has received

notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

(d) At the start of employment, an employer shall provide each employee a written notice containing the following information:

(1) the rate or rates of pay and basis thereof, including whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or other method, and the specific application of any additional rates;

(2) allowances, if any, claimed pursuant to permitted meals and lodging;

(3) paid vacation, sick time, or other paid time-off accruals and terms of use;

(4) the employee's employment status and whether the employee is exempt from minimum wage, overtime, and other provisions of chapter 177, and on what basis;

(5) a list of deductions that may be made from the employee's pay;

(6) the number of days in the pay period, the regularly scheduled pay day, and the pay day on which the employee will receive the first payment of wages earned;

(7) the legal name of the employer and the operating name of the employer if different from the legal name;

(8) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

(9) the telephone number of the employer.

(e) The employer must keep a copy of the notice under paragraph (d) signed by each employee acknowledging receipt of the notice. The notice must be provided to each employee in English. The English version of the notice must include text provided by the commissioner that informs employees that they may request, by indicating on the form, the notice be provided in a particular language. If requested, the employer shall provide the notice in the language requested by the employee. The commissioner shall make available to employers the text to be included in the English version of the notice required by this section and assist employers with translation of the notice in the languages requested by their employees.

(f) An employer must provide the employee any written changes to the information contained in the notice under paragraph (d) prior to the date the changes take effect.

Sec. 2. Minnesota Statutes 2022, section 181.942, subdivision 1, is amended to read:

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.941 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or ~~181.9413~~ sections 181.9445 to 181.9448 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections 181.940 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Sec. 3. Minnesota Statutes 2022, section 181.9436, is amended to read:

**181.9436 POSTING OF LAW.**

The Division of Labor Standards and Apprenticeship shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections 181.940 to ~~181.9436~~ 181.9448. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

Sec. 4. **[181.9445] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of section 177.50 and sections 181.9445 to 181.9448, the terms defined in this section have the meanings given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of labor and industry or authorized designee or representative.

Subd. 3. **Domestic abuse.** "Domestic abuse" has the meaning given in section 518B.01.

Subd. 4. **Earned sick and safe time.** "Earned sick and safe time" means leave, including paid time off and other paid leave systems, that is paid at the same hourly rate as an employee earns from employment that may be used for the same purposes and under the same conditions as provided under section 181.9447, but in no case shall this hourly rate be less than that provided under section 177.24 or an applicable local minimum wage.

Subd. 5. **Employee.** "Employee" means any person who is employed by an employer, including temporary and part-time employees, who performs work for at least 80 hours in a year for that employer in Minnesota. Employee does not include:

(1) an independent contractor; or

(2) an individual employed by an air carrier as a flight deck or cabin crew member who:

(i) is subject to United States Code, title 45, sections 181 to 188;

(ii) works less than a majority of their hours in Minnesota in a calendar year; and

(iii) is provided with paid leave equal to or exceeding the amounts in section 181.9446.

Subd. 6. **Employer.** "Employer" means a person who has one or more employees. Employer includes an individual, a corporation, a partnership, an association, a business trust, a nonprofit organization, a group of persons, the state of Minnesota, a county, town, city, school district, or

other governmental subdivision. In the case of an employee leasing company or professional employer organization, the taxpaying employer, as described in section 268.046, subdivision 1, remains the employer. In the case of an individual provider within the meaning of section 256B.0711, subdivision 1, paragraph (d), the employer includes any participant within the meaning of section 256B.0711, subdivision 1, paragraph (e), or participant's representative within the meaning of section 256B.0711, subdivision 1, paragraph (f). In the event that a temporary employee is supplied by a staffing agency, absent a contractual agreement stating otherwise, that individual shall be an employee of the staffing agency for all purposes of section 177.50 and sections 181.9445 to 181.9448. Employer does not include the United States government.

Subd. 7. **Family member.** "Family member" means:

(1) an employee's:

(i) child, foster child, adult child, legal ward, child for whom the employee is legal guardian, or child to whom the employee stands or stood in loco parentis;

(ii) spouse or registered domestic partner;

(iii) sibling, stepsibling, or foster sibling;

(iv) biological, adoptive, or foster parent, stepparent, or a person who stood in loco parentis when the employee was a minor child;

(v) grandchild, foster grandchild, or stepgrandchild;

(vi) grandparent or stepgrandparent;

(vii) a child of a sibling of the employee;

(viii) a sibling of the parents of the employee; or

(ix) a child-in-law or sibling-in-law;

(2) any of the family members listed in clause (1) of a spouse or registered domestic partner;

(3) any other individual related by blood or whose close association with the employee is the equivalent of a family relationship; and

(4) up to one individual annually designated by the employee.

Subd. 8. **Health care professional.** "Health care professional" means any person licensed, certified, or otherwise authorized under federal or state law to provide medical or emergency services, including doctors, physician assistants, nurses, advanced practice registered nurses, mental health professionals, and emergency room personnel.

Subd. 9. **Sexual assault.** "Sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352.

Subd. 10. **Stalking.** "Stalking" has the meaning given in section 609.749.

Subd. 11. **Year.** "Year" means a regular and consecutive 12-month period, as determined by an employer and clearly communicated to each employee of that employer.

**Sec. 5. [181.9446] ACCRUAL OF EARNED SICK AND SAFE TIME.**

(a) An employee accrues a minimum of one hour of earned sick and safe time for every 30 hours worked up to a maximum of 48 hours of earned sick and safe time in a year. Employees may not accrue more than 48 hours of earned sick and safe time in a year unless the employer agrees to a higher amount.

(b)(1) Except as provided in clause (2), employers must permit an employee to carry over accrued but unused sick and safe time into the following year. The total amount of accrued but unused earned sick and safe time for an employee must not exceed 80 hours at any time, unless an employer agrees to a higher amount.

(2) In lieu of permitting the carryover of accrued but unused sick and safe time into the following year as provided under clause (1), an employer may provide an employee with earned sick and safe time for the year that meets or exceeds the requirements of this section that is available for the employee's immediate use at the beginning of the subsequent year as follows: (i) 48 hours, if an employer pays an employee for accrued but unused sick and safe time at the end of a year at the same hourly rate as an employee earns from employment; or (ii) 80 hours, if an employer does not pay an employee for accrued but unused sick and safe time at the end of a year at the same or greater hourly rate as an employee earns from employment. In no case shall this hourly rate be less than that provided under section 177.24, or an applicable local minimum wage.

(c) Employees who are exempt from overtime requirements under United States Code, title 29, section 213(a)(1), as amended through the effective date of this section, are deemed to work 40 hours in each workweek for purposes of accruing earned sick and safe time, except that an employee whose normal workweek is less than 40 hours will accrue earned sick and safe time based on the normal workweek.

(d) Earned sick and safe time under this section begins to accrue at the commencement of employment of the employee.

(e) Employees may use earned sick and safe time as it is accrued.

**Sec. 6. [181.9447] USE OF EARNED SICK AND SAFE TIME.**

Subdivision 1. **Eligible use.** An employee may use accrued earned sick and safe time for:

(1) an employee's:

(i) mental or physical illness, injury, or other health condition;

(ii) need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or

(iii) need for preventive medical or health care;

(2) care of a family member:

- (i) with a mental or physical illness, injury, or other health condition;
- (ii) who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or other health condition; or
- (iii) who needs preventive medical or health care;
- (3) absence due to domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the absence is to:
  - (i) seek medical attention related to physical or psychological injury or disability caused by domestic abuse, sexual assault, or stalking;
  - (ii) obtain services from a victim services organization;
  - (iii) obtain psychological or other counseling;
  - (iv) seek relocation or take steps to secure an existing home due to domestic abuse, sexual assault, or stalking; or
  - (v) seek legal advice or take legal action, including preparing for or participating in any civil or criminal legal proceeding related to or resulting from domestic abuse, sexual assault, or stalking;
- (4) closure of the employee's place of business due to weather or other public emergency or an employee's need to care for a family member whose school or place of care has been closed due to weather or other public emergency;
- (5) the employee's inability to work or telework because the employee is: (i) prohibited from working by the employer due to health concerns related to the potential transmission of a communicable illness related to a public emergency; or (ii) seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, a communicable disease related to a public emergency and such employee has been exposed to a communicable disease or the employee's employer has requested a test or diagnosis; and
- (6) when it has been determined by the health authorities having jurisdiction or by a health care professional that the presence of the employee or family member of the employee in the community would jeopardize the health of others because of the exposure of the employee or family member of the employee to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

For the purposes of this subdivision, a public emergency shall include a declared emergency as defined in section 12.03 or a declared local emergency under section 12.29.

Subd. 2. **Notice.** An employer may require notice of the need for use of earned sick and safe time as provided in this paragraph. If the need for use is foreseeable, an employer may require advance notice of the intention to use earned sick and safe time but must not require more than seven days' advance notice. If the need is unforeseeable, an employer may require an employee to give notice of the need for earned sick and safe time as soon as practicable. An employer that requires notice of the need to use earned sick and safe time in accordance with this subdivision shall have a written policy containing reasonable procedures for employees to provide notice of the need to use

earned sick and safe time, and shall provide a written copy of such policy to employees. If a copy of the written policy has not been provided to an employee, an employer shall not deny the use of earned sick and safe time to the employee on that basis.

Subd. 3. **Documentation.** (a) When an employee uses earned sick and safe time for more than three consecutive days, an employer may require reasonable documentation that the earned sick and safe time is covered by subdivision 1.

(b) For earned sick and safe time under subdivision 1, clauses (1), (2), (5), and (6), reasonable documentation may include a signed statement by a health care professional indicating the need for use of earned sick and safe time. However, if the employee or employee's family member did not receive services from a health care professional, or if documentation cannot be obtained from a health care professional in a reasonable time or without added expense, then reasonable documentation for the purposes of this paragraph may include a written statement from the employee indicating that the employee is using or used earned sick and safe time for a qualifying purpose covered by subdivision 1, clause (1), (2), (5), or (6).

(c) For earned sick and safe time under subdivision 1, clause (3), an employer must accept a court record or documentation signed by a volunteer or employee of a victims services organization, an attorney, a police officer, or an antiviolence counselor as reasonable documentation.

(d) For earned sick and safe time to care for a family member under subdivision 1, clause (4), an employer must accept as reasonable documentation a written statement from the employee indicating that the employee is using or used earned sick and safe time for a qualifying purpose as reasonable documentation.

(e) An employer must not require disclosure of details relating to domestic abuse, sexual assault, or stalking or the details of an employee's or an employee's family member's medical condition as related to an employee's request to use earned sick and safe time under this section.

(f) Written statements by an employee may be written in the employee's first language and need not be notarized or in any particular format.

Subd. 4. **Replacement worker.** An employer may not require, as a condition of an employee using earned sick and safe time, that the employee seek or find a replacement worker to cover the hours the employee uses as earned sick and safe time.

Subd. 5. **Increment of time used.** Earned sick and safe time may be used in the smallest increment of time tracked by the employer's payroll system, provided such increment is not more than four hours.

Subd. 6. **Retaliation prohibited.** (a) An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against a person because the person has exercised or attempted to exercise rights protected under this act, including but not limited to because the person requested earned sick and safe time, used earned sick and safe time, requested a statement of accrued sick and safe time, informed any person of his or her potential rights under sections 181.9445 to 181.9448, made a complaint or filed an action to enforce a right to earned sick and safe time under this section, or is or was participating in any manner in an investigation, proceeding, or hearing under this chapter.

(b) It shall be unlawful for an employer's absence control policy or attendance point system to count earned sick and safe time taken under this act as an absence that may lead to or result in retaliation or any other adverse action.

(c) It shall be unlawful for an employer or any other person to report or threaten to report the actual or suspected citizenship or immigration status of a person or their family member to a federal, state, or local agency for exercising or attempting to exercise any right protected under this act.

(d) A person need not explicitly refer to this act or the rights enumerated herein to be protected from retaliation.

Subd. 7. **Pay and benefits.** (a) During any use of earned sick and safe time, the employer must maintain coverage under any group insurance policy, group subscriber contract, or health care plan for the employee and any dependents, as if the employee was not using earned sick and safe time, provided, however, that the employee must continue to pay any employee share of the cost of such benefits.

(b) An employee returning from a leave under this section is entitled to return to employment at the same rate of pay the employee had been receiving when the leave commenced, plus any automatic adjustments in the employee's pay scale that occurred during the leave period. The employee returning from a leave is entitled to retain all accrued preleave benefits of employment and seniority as if there had been no interruption in service, provided that nothing under this section prevents the accrual of benefits or seniority during the leave pursuant to a collective bargaining or other agreement between the employer and employees.

Subd. 8. **Part-time return from leave.** An employee, by agreement with the employer, may return to work part time during the leave period without forfeiting the right to return to employment at the end of the leave, as provided under this section.

Subd. 9. **Notice and posting by employer.** (a) Employers must give notice to all employees that they are entitled to earned sick and safe time, including the amount of earned sick and safe time, the accrual year for the employee, the terms of its use under this section, and a copy of the written policy for providing notice as provided under subdivision 2; that retaliation against employees who request or use earned sick and safe time is prohibited; and that each employee has the right to file a complaint or bring a civil action if earned sick and safe time is denied by the employer or the employee is retaliated against for requesting or using earned sick and safe time.

(b) Employers must supply employees with a notice in English and the primary language of the employee, as identified by the employee, that contains the information required in paragraph (a) at commencement of employment or the effective date of this section, whichever is later.

(c) The means used by the employer must be at least as effective as the following options for providing notice:

(1) posting a copy of the notice at each location where employees perform work and where the notice must be readily observed and easily reviewed by all employees performing work;

(2) providing a paper or electronic copy of the notice to employees; or

(3) a conspicuous posting in a web-based or app-based platform through which an employee performs work.

The notice must contain all information required under paragraph (a).

(d) An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section.

(e) The Department of Labor and Industry shall prepare a uniform employee notice form for employers to use that provides the notice information required under this section. The commissioner shall prepare the uniform employee notice in the five most common languages spoken in Minnesota. Upon the written request of an employer who is subject to this section, the commissioner shall provide a copy of the uniform employee notice in any primary language spoken by an employee in the employer's place of business. If the commissioner does not provide the copy of the uniform employee notice in response to a request under this paragraph, the employer who makes the request is not subject to a penalty for failing to provide the required notice under this subdivision for violations that arise after the date of the request.

Subd. 10. **Employer records.** (a) Employers shall retain accurate records documenting hours worked by employees and earned sick and safe time taken and comply with all requirements under section 177.30.

(b) An employer must allow an employee to inspect records required by this section and relating to that employee at a reasonable time and place.

Subd. 11. **Confidentiality and nondisclosure.** (a) If, in conjunction with this section, an employer possesses:

(1) health or medical information regarding an employee or an employee's family member;

(2) information pertaining to domestic abuse, sexual assault, or stalking;

(3) information that the employee has requested or obtained leave under this section; or

(4) any written or oral statement, documentation, record, or corroborating evidence provided by the employee or an employee's family member, the employer must treat such information as confidential.

Information given by an employee may only be disclosed by an employer if the disclosure is requested or consented to by the employee, when ordered by a court or administrative agency, or when otherwise required by federal or state law.

(b) Records and documents relating to medical certifications, recertifications, or medical histories of employees or family members of employees created for purposes of section 177.50 or sections 181.9445 to 181.9448 must be maintained as confidential medical records separate from the usual personnel files. At the request of the employee, the employer must destroy or return the records required by sections 181.9445 to 181.9448 that are older than three years prior to the current calendar year.

(c) Employers may not discriminate against any employee based on records created for the purposes of section 177.50 or sections 181.9445 to 181.9448.

Sec. 7. **[181.9448] EFFECT ON OTHER LAW OR POLICY.**

Subdivision 1. **No effect on more generous sick and safe time policies.** (a) Nothing in sections 181.9445 to 181.9448 shall be construed to discourage employers from adopting or retaining earned sick and safe time policies that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements provided in sections 181.9445 to 181.9448.

(b) Nothing in sections 181.9445 to 181.9448 shall be construed to limit the right of parties to a collective bargaining agreement to bargain and agree with respect to earned sick and safe time policies or to diminish the obligation of an employer to comply with any contract, collective bargaining agreement, or any employment benefit program or plan that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in this section.

(c) Nothing in sections 181.9445 to 181.9448 shall be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for a greater amount, accrual, or use by employees of paid sick and safe time or that extends other protections to employees.

(d) Nothing in sections 181.9445 to 181.9448 shall be construed or applied so as to create any power or duty in conflict with federal law.

(e) Employers who provide earned sick and safe time to their employees under a paid time off policy or other paid leave policy that may be used for the same purposes and under the same conditions as earned sick and safe time, and that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in sections 181.9445 to 181.9448 are not required to provide additional earned sick and safe time.

(f) The provisions of sections 181.9445 to 181.9448 may be waived by a collective bargaining agreement with a bona fide building and construction trades labor organization that has established itself as the collective bargaining representative for the affected building and construction industry employees, provided that for such waiver to be valid, it shall explicitly reference sections 181.9445 to 181.9448 and clearly and unambiguously waive application of those sections to such employees.

(g) Sections 181.9445 to 181.9448 do not prohibit an employer from establishing a policy whereby employees may donate unused accrued sick and safe time to another employee.

(h) Sections 181.9445 to 181.9448 do not prohibit an employer from advancing sick and safe time to an employee before accrual by the employee.

Subd. 2. **Termination; separation; transfer.** Sections 181.9445 to 181.9448 do not require financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned sick and safe time that has not been used. If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned sick and safe time accrued at the prior division, entity, or location and is entitled to use all earned sick and safe time as provided in sections 181.9445 to 181.9448. When there is a separation from employment and the

employee is rehired within 180 days of separation by the same employer, previously accrued earned sick and safe time that had not been used must be reinstated. An employee is entitled to use accrued earned sick and safe time and accrue additional earned sick and safe time at the commencement of reemployment.

Subd. 3. **Employer succession.** (a) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

(b) If, at the time of transfer of the business, employees are terminated by the original employer and hired within 30 days by the successor employer following the transfer, those employees are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

Sec. 8. **REPEALER.**

Minnesota Statutes 2022, section 181.9413, is repealed.

Sec. 9. **EFFECTIVE DATE.**

This article is effective January 1, 2024.

## ARTICLE 13

### EARNED SICK AND SAFE TIME ENFORCEMENT

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 2, is amended to read:

Subd. 2. **Submission of records; penalty.** The commissioner may require the employer of employees working in the state to submit to the commissioner photocopies, certified copies, or, if necessary, the originals of employment records which the commissioner deems necessary or appropriate. The records which may be required include full and correct statements in writing, including sworn statements by the employer, containing information relating to wages, hours, names, addresses, and any other information pertaining to the employer's employees and the conditions of their employment as the commissioner deems necessary or appropriate.

The commissioner may require the records to be submitted by certified mail delivery or, if necessary, by personal delivery by the employer or a representative of the employer, as authorized by the employer in writing.

The commissioner may fine the employer up to ~~\$1,000~~ \$10,000 for each failure to submit or deliver records as required by this section, ~~and up to \$5,000 for each repeated failure.~~ This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 4, as amended by Laws 2023, chapter 30, section 1, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, 181.939 to 181.943, 181.9445 to 181.9448, and 181.987, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. The commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the employee by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to a civil penalty of up to ~~\$1,000~~ \$10,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing damages.

Sec. 4. [177.50] EARNED SICK AND SAFE TIME ENFORCEMENT.

Subdivision 1. **Definitions.** The definitions in section 181.9445 apply to this section.

Subd. 2. **Individual remedies.** An action to recover damages under section 181.944 for violation of sections 181.9445 to 181.9448 must be commenced within three years of the violation that caused the injury to the employee.

Subd. 3. **Grants to community organizations.** The commissioner may make grants to community organizations for the purpose of outreach to and education for employees regarding their rights under sections 181.9445 to 181.9448. The community-based organizations must be selected based on their experience, capacity, and relationships in high-violation industries. The work under such a grant may include the creation and administration of a statewide worker hotline.

Subd. 4. **Report to legislature.** (a) The commissioner must submit an annual report to the legislature, including to the chairs and ranking minority members of any relevant legislative committee. The report must include but is not limited to:

(1) a list of all violations of sections 181.9445 to 181.9448, including the employer involved, and the nature of any violations; and

(2) an analysis of noncompliance with sections 181.9445 to 181.9448, including any patterns by employer, industry, or county.

(b) A report under this section must not include an employee's name or other identifying information, any health or medical information regarding an employee or an employee's family member, or any information pertaining to domestic abuse, sexual assault, or stalking of an employee or an employee's family member.

Subd. 5. **Contract for labor or services.** It is the responsibility of all employers to not enter into any contract or agreement for labor or services where the employer has any actual knowledge or knowledge arising from familiarity with the normal facts and circumstances of the business activity engaged in, or has any additional facts or information that, taken together, would make a reasonably prudent person undertake to inquire whether, taken together, the contractor is not complying or has failed to comply with this section. For purposes of this subdivision, "actual knowledge" means information obtained by the employer that the contractor has violated this section within the past two years and has failed to present the employer with credible evidence that such noncompliance has been cured going forward.

**EFFECTIVE DATE.** This section is effective January 1, 2024, except that the grant-making process under subdivision 3 is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2022, section 181.944, is amended to read:

**181.944 INDIVIDUAL REMEDIES.**

In addition to any other remedies provided by law, a person injured by a violation of sections 181.172, paragraph (a) or (d), ~~and~~ 181.939 to 181.943, and 181.9445 to 181.9448 may bring a civil action to recover any and all damages recoverable at law, together with costs and disbursements,

including reasonable attorney's fees, and may receive injunctive and other equitable relief as determined by a court.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to causes of action occurring on or after that date.

## ARTICLE 14

### EARNED SICK AND SAFE TIME APPROPRIATIONS

#### Section 1. **EARNED SICK AND SAFE TIME APPROPRIATIONS.**

(a) \$1,445,000 in fiscal year 2024 and \$2,209,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of labor and industry for enforcement and other duties regarding earned sick and safe time under Minnesota Statutes, sections 181.9445 to 181.9448, and chapter 177. The base for this appropriation is \$1,899,000 for fiscal year 2026 and each year thereafter.

(b) \$300,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of labor and industry for grants to community organizations under Minnesota Statutes, section 177.50, subdivision 4. This is a onetime appropriation.

## ARTICLE 15

### EMPLOYMENT AND ECONOMIC DEVELOPMENT

#### Section 1. **[116J.418] OFFICE OF CHILD CARE COMMUNITY PARTNERSHIPS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Child care" means the care of children while parents or guardians are at work or absent for another reason.

(c) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(d) "Office" means the Office of Child Care Community Partnerships established in subdivision 2, paragraph (a).

Subd. 2. **Office established; purpose.** (a) An Office of Child Care Community Partnerships is established within the Department of Employment and Economic Development. The department may employ a director and staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to support child care businesses within the state in order to:

(1) increase the quantity of quality child care available; and

(2) improve accessibility to child care for underserved communities and populations.

Subd. 3. **Organization.** The office shall consist of a director of the Office of Child Care Community Partnerships, as well as any staff necessary to carry out the office's duties under subdivision 4.

Subd. 4. **Duties.** The office shall have the power and duty to:

(1) coordinate with state, regional, local, and private entities to promote investment in increasing the quantity of quality child care in Minnesota;

(2) coordinate with other agencies including but not limited to Minnesota Management and Budget, the Department of Human Services, and the Department of Education to develop, recommend, and implement solutions to increase the quantity of quality child care openings;

(3) administer the child care economic development grant program and other appropriations to the department for this purpose;

(4) monitor the child care business development efforts of other states and countries;

(5) provide support to the governor's Children's Cabinet;

(6) provide an annual report, as required by subdivision 5; and

(7) perform any other activities consistent with the office's purpose.

Subd. 5. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of Child Care Community Partnerships shall report to the legislative committees with jurisdiction over child care policy and finance on the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) an analysis of the current access to child care within the state;

(2) an analysis of the current shortage of child care workers within the state;

(3) a summary of the office's activities;

(4) any proposed legislative and policy initiatives; and

(5) any other information requested by the legislative committees with jurisdiction over child care, or that the office deems necessary.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

## Sec. 2. [116J.4231] OFFICE OF NEW AMERICANS.

Subdivision 1. **Office established; purpose.** (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an assistant commissioner who serves in the unclassified service. The assistant commissioner must hire a program manager, an office assistant, and any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to foster immigrant and refugee inclusion through an intentional process to improve economic mobility, enhance civic participation, and improve receiving communities' openness to immigrants and refugees by incorporating the needs and aspirations of immigrants and refugees, their families, and their communities for the benefit of all by fulfilling the duties outlined in subdivision 2.

Subd. 2. **Duties.** The Office of New Americans has the following duties:

(1) create and implement a statewide strategy and programming to foster and promote immigrant and refugee inclusion in Minnesota so as to improve economic mobility, enhance civic participation, and improve receiving communities' openness to immigrants and refugees;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

(3) identify and support implementation of programs and strategies to reduce employment barriers for immigrants and refugees, including the creation of alternative employment pathways;

(4) support programs and activities designed to ensure equitable access to the workforce for immigrants and refugees, including those who are disabled;

(5) support equitable opportunities for immigrants and refugees to access state government services and grants, including collaborating with Minnesota's ethnic councils as created by section 15.0145;

(6) work with state agencies, Minnesota's ethnic councils, and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;

(7) coordinate and establish best practices for language access initiatives to all state agencies after soliciting input from Minnesota's ethnic councils;

(8) convene stakeholders to further the objectives identified in subdivision 1;

(9) make policy recommendations to the governor on issues impacting immigrants and refugees after soliciting input from Minnesota's ethnic councils;

(10) engage all stakeholders to further the objectives identified in subdivision 1 within the context of workforce access and workforce readiness, including in the areas of employment, housing, legal services, health care, and education and communicate the importance of immigrant and refugee inclusion in the success of immigrants, refugees, their children, and the communities in which they settle;

(11) engage with and support existing municipal and county offices that promote and foster immigrant and refugee inclusion and encourage the development of new municipal and county offices dedicated to immigrant and refugee inclusion;

(12) serve as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession;

- (13) promulgate rules necessary to implement and effectuate this section;
- (14) provide an annual report, as required by subdivision 3;
- (15) perform any other activities consistent with the office's purpose; and
- (16) administer any grant program or other appropriation to the office.

Subd. 3. **Reporting.** (a) Beginning January 15, 2025, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

- (1) a summary of the office's activities;
- (2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;
- (3) any proposed legislative and policy initiatives;
- (4) the amount and types of grants awarded under subdivision 6; and
- (5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Subd. 4. **Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.** (a) An Interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of New Americans.

(b) The purpose of the council is to identify and establish ways in which state departments, agencies, and Minnesota's ethnic councils can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

(c) The council shall be chaired by the assistant commissioner of the Office of New Americans and shall include the commissioners, department directors, or designees from the following:

- (1) the governor's office;
- (2) the Department of Administration;
- (3) the Department of Employment and Economic Development;
- (4) the Department of Human Services;
- (5) the Department of Human Services Refugee Resettlement Programs Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

(9) the Office of Higher Education;

(10) the Department of Public Safety;

(11) the Department of Corrections;

(12) the Council on Asian Pacific Minnesotans;

(13) the Council for Minnesotans of African Heritage; and

(14) the Minnesota Council on Latino Affairs.

(d) Each department or office specified in paragraph (c) shall designate one staff member as an immigrant and refugee services liaison. The liaison's responsibilities shall include:

(1) preparation and dissemination of information and services available to immigrants and refugees; and

(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees.

Subd. 5. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

Subd. 6. **Grants.** The Office of New Americans may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2.

### Sec. 3. **[116J.545] GETTING TO WORK GRANT PROGRAM.**

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment. All grants shall be for two years.

Subd. 2. **Qualified grantee.** A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

(2) at the time of application, offer or have the demonstrated capacity to offer a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

- (1) provision of new or used motor vehicles by gift, sale, or lease;
- (2) motor vehicle repair and maintenance services; or
- (3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

- (1) financial literacy education;
- (2) education on budgeting for vehicle ownership;
- (3) car maintenance and repair instruction;
- (4) credit counseling; or
- (5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:

- (1) a detailed description of all services to be offered;
- (2) the area to be served;
- (3) the estimated number of program participants to be served by the grant; and
- (4) a plan for leveraging resources from partners that may include but are not limited to:
  - (i) automobile dealers;
  - (ii) automobile parts dealers;
  - (iii) independent local mechanics and automobile repair facilities;
  - (iv) banks and credit unions;
  - (v) employers;
  - (vi) employment and training agencies;
  - (vii) insurance companies and agents;
  - (viii) local workforce centers; and
  - (ix) educational institutions, including vocational institutions and jobs or skills training programs.

Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person must:

- (1) have a household income at or below 200 percent of the federal poverty level;

(2) be at least 18 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. **Report to legislature.** By January 15, 2026, and each January 15 in an even-numbered year thereafter, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

Sec. 4. Minnesota Statutes 2022, section 116J.5492, subdivision 8, is amended to read:

Subd. 8. **Meetings.** The advisory committee must meet ~~monthly until the energy transition plan is submitted~~ quarterly and submit an updated energy transition plan annually to the governor and the legislature. Once submitted, the committee shall develop a regular meeting schedule as needed. The chair may call additional meetings as necessary.

Sec. 5. Minnesota Statutes 2022, section 116J.5492, subdivision 10, is amended to read:

Subd. 10. **Expiration.** This section expires ~~the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor~~ on June 30, 2027.

Sec. 6. Minnesota Statutes 2022, section 116J.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating

plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

(1) is currently operating and (i) is scheduled to cease operations or, (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422, or (iii) whose current operating license expires within 15 years of the effective date of this section; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Sec. 7. Minnesota Statutes 2022, section 116J.55, subdivision 5, is amended to read:

Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under this section to eligible communities through a competitive grant process.~~

~~(b) (a) A grant awarded to an eligible community under this section must not exceed \$500,000 \$1,000,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.~~

~~(e) (b) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.~~

Sec. 8. Minnesota Statutes 2022, section 116J.55, subdivision 6, is amended to read:

Subd. 6. **Eligible expenditures.** (a) Money in the account established in subdivision 3 must be used only to:

(1) award grants to eligible communities under this section; and

(2) reimburse the department's reasonable costs to administer this section, up to a maximum of five percent of the appropriation made to the commissioner under this section. The commissioner may transfer part of the allowable administrative portion of this appropriation to the Environmental Quality Board to assist communities with regulatory coordination and dedicated technical assistance on conversion for these communities.

(b) An eligible community awarded a grant under this section may use the grant to plan for or address the economic and social impacts on the eligible community of the electric generating plant's cessation of operations, including but not limited to land use studies, economic planning, researching, planning, and implementing activities, capital costs of public infrastructure necessary for economic development, and impact studies and other planning activities enabling communities to become shovel-ready and support the transition from power plants to other economic activities to minimize the negative impacts of power plant closures on tax revenues and jobs designed to:

(1) assist workers at the plant find new employment, including worker retraining and developing small business start-up skills;

(2) increase the eligible community's property tax base; and

(3) develop alternative economic development strategies to attract new employers to the eligible community.

Sec. 9. [116J.682] SMALL BUSINESS ASSISTANCE PARTNERSHIPS PROGRAM.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Partner organizations" or "partners" means:

(1) nonprofit organizations or public entities, including higher education institutions, engaged in business development or economic development;

(2) community development financial institutions; or

(3) community development corporations.

(d) "Small business" has the meaning given in section 3 of the Small Business Act, United States Code, title 15, section 632.

(e) "Underserved populations and geographies" means individuals who are Black, Indigenous, people of color, veterans, people with disabilities, people who are LGBTQ+, and low-income individuals and includes people from rural Minnesota.

Subd. 2. **Establishment.** The commissioner shall establish the small business assistance partnerships program to make grants to local and regional community-based organizations to provide small business development and technical assistance services to entrepreneurs and small business owners.

Subd. 3. **Small business assistance partnerships grants.** (a) The commissioner shall make small business assistance partnerships grants to local and regional community-based organizations to provide small business development and technical assistance services to entrepreneurs and small business owners. The commissioner must prioritize applications that provide services to underserved populations and geographies.

(b) Grantees shall use the grant funds to provide high-quality, free or low-cost professional business development and technical assistance services that support the start-up, growth, and success of Minnesota's entrepreneurs and small business owners.

Subd. 4. **Report.** By January 31 of each year, partner organizations participating in the program must provide a report to the commissioner on the outcomes of the program, including but not limited to the number of entrepreneurs and small businesses served, number of hours of business assistance services provided, number of new businesses started, number of full-time equivalent jobs created and retained, and demographic and geographic details of the individuals being served.

Sec. 10. [116J.8733] MINNESOTA EXPANDING OPPORTUNITY FUND PROGRAM.

Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program is established to capitalize Minnesota nonprofit corporations to increase lending activities with Minnesota small businesses.

Subd. 2. **Long-term loans.** The department may make long-term loans of ten to 12 years at 0.5 percent or lower interest rates to nonprofit corporations to enable nonprofit corporations to make more loans to Minnesota small businesses. The department may use the interest received to offset the cost of administering small business lending programs.

Subd. 3. **Loan eligibility; nonprofit corporation.** (a) The eligible nonprofit corporation must not meet the definition of recipient under section 116J.993, subdivision 6.

(b) The commissioner may enter into loan agreements with Minnesota nonprofit corporations that apply to participate in the Minnesota Expanding Opportunity Fund Program. The commissioner shall evaluate applications from applicant nonprofit corporations. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation:

(1) meets the statutory definition of a community development financial institution as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994, United States Code, title 12, section 4702;

(2) has a board of directors or loan or credit committee that includes citizens experienced in small business services and community development;

(3) has the technical skills to analyze small business loan requests;

(4) is familiar with other available public and private funding sources and economic development programs;

(5) is enrolled in one or more eligible federally funded state programs; and

(6) has the administrative capacity to manage a loan portfolio.

Subd. 4. **Revolving loan fund.** (a) The commissioner shall establish a revolving loan fund to make loans to nonprofit corporations for the purpose of increasing nonprofit corporation capital and lending activities with Minnesota small businesses.

(b) Nonprofit corporations that receive loans from the commissioner under the program must establish appropriate accounting practices for the purpose of tracking eligible loans.

Subd. 5. **Loan portfolio administration.** (a) The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus two percent. A nonprofit corporation participating in the Minnesota Expanding Opportunity Fund Program may charge a loan closing fee equal to or less than two percent of the loan value.

(b) The nonprofit corporation may retain all earnings from fees and interest from loans to small businesses.

Subd. 6. **Cooperation.** A nonprofit corporation that receives a program loan shall cooperate with other organizations, including but not limited to community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 7. **Reporting requirements.** (a) A nonprofit corporation that receives a program loan must submit an annual report to the commissioner by February 15 of each year that includes:

- (1) the number of businesses to which a loan was made;
- (2) a description of businesses supported by the program;
- (3) demographic information, as specified by the commissioner, regarding each borrower;
- (4) an account of loans made during the calendar year;
- (5) the program's impact on job creation and retention;
- (6) the source and amount of money collected and distributed by the program;
- (7) the program's assets and liabilities; and
- (8) an explanation of administrative expenses.

(b) A nonprofit corporation that receives a program loan must provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

Sec. 11. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

**Subd. 3. Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

- (i) manufacturing;
- (ii) warehousing;
- (iii) distribution;
- (iv) information technology;
- (v) finance;
- (vi) insurance; or
- (vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least \$500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or \$250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least ~~200~~ 100 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and 75~~ or expend at least \$10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

- (6) whether the business has viable location options outside Minnesota;
- (7) the effect of financial assistance on industry competitors in Minnesota;
- (8) financial contributions to the project made by local governments; and
- (9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 12. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and ~~200~~ 100 new employees in the metropolitan area as defined in section 200.02, subdivision 24, or at least \$10,000,000 in capital investment and ~~75~~ 50 new employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates and up to \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and ~~200~~ 100 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and 75~~ or at least \$10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4). Under paragraph (b) clause (4), a job creation award of \$2,000 per retained job may be provided one time if the qualified Minnesota job creation fund business meets the minimum capital investment and retained employee requirement as provided in paragraph (b), clause (4), for at least two years.

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and

request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 13. Minnesota Statutes 2022, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained under subdivision 4, paragraph (b), clauses (2) and (3), by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; ~~and~~ \$3,000 for each job position paying at least \$45,000 but less than \$55,000; and \$4,000 for each job position paying at least \$55,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) A qualified Minnesota job creation fund business is eligible for a onetime \$2,000 award for each job retained and maintained under subdivision 4, paragraph (b), clause (4), provided that each retained job pays total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 150 percent of the federal poverty level for a family of four.

~~(b)~~ (c) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

~~(c)~~ (d) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

Sec. 14. Minnesota Statutes 2022, section 116J.8748, is amended by adding a subdivision to read:

Subd. 6a. **Transfer.** The commissioner may transfer up to \$2,000,000 of a fiscal year appropriation between the Minnesota job creation fund program and the redevelopment grant program to meet business demand.

Sec. 15. [116J.8751] LAUNCH MINNESOTA.

Subdivision 1. **Establishment.** Launch Minnesota is established within the Business and Community Development Division of the Department of Employment and Economic Development to encourage and support the development of new private sector technologies and support the science and technology policies under section 3.222. Launch Minnesota must provide entrepreneurs and emerging technology-based companies business development assistance and financial assistance to spur growth.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Advisory board" means the board established under subdivision 10.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Department" means the Department of Employment and Economic Development.

(e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business entity and secures resources directed to its growth while bearing the risk of loss.

(f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(g) "Innovative technology and business" means a new novel business model or product; a derivative product incorporating new elements into an existing product; a new use for a product; or a new process or method for the manufacture, use, or assessment of any product or activity, patentability, or scalability. Innovative technology or business model does not include locally based retail, lifestyle, or business services. The business must not be primarily engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(h) "Institution of higher education" has the meaning given in section 136A.28, subdivision 6.

(i) "Minority group member" means a United States citizen or lawful permanent resident who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(j) "Research and development" means any activity that is:

(1) a systematic, intensive study directed toward greater knowledge or understanding of the subject studies;

(2) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(3) a systematic application of knowledge toward the production of useful materials, devices, systems and methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

(k) "Start-up" means a business entity that has been in operation for less than ten years, has operations in Minnesota, and is in the development stage defined as devoting substantially all of its efforts to establishing a new business and either of the following conditions exists:

(1) planned principal operations have not commenced; or

(2) planned principal operations have commenced, but have raised less than \$1,000,000 in equity financing.

(l) "Technology-related assistance" means the application and utilization of technological-information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

(m) "Trade association" means a nonprofit membership organization organized to promote businesses and business conditions and having an election under Internal Revenue Code section 501(c)(3) or 501(c)(6).

(n) "Veteran" has the meaning given in section 197.447.

Subd. 3. **Duties.** The commissioner, by and through Launch Minnesota, shall:

(1) support innovation and initiatives designed to accelerate the growth of innovative technology and business start-ups in Minnesota;

(2) in partnership with other organizations, offer classes and instructional sessions on how to start an innovative technology and business start-up;

(3) promote activities for entrepreneurs and investors regarding the state's growing innovation economy;

(4) hold events and meetings that gather key stakeholders in the state's innovation sector;

(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

(8) accept grant applications under subdivisions 5, 6, and 7 and work with the advisory board to review and prioritize the applications and provide recommendations to the commissioner; and

(9) perform other duties at the commissioner's discretion.

Subd. 4. **Administration.** (a) The director shall:

(1) assist the commissioner and the advisory board in performing the duties of Launch Minnesota; and

(2) comply with all state and federal program requirements, and all state and federal securities and tax laws and regulations.

(b) Launch Minnesota may occupy and lease physical space in a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The physical space leased under this paragraph is exempt from the requirements in section 16B.24, subdivision 6.

(c) At least three times per month, Launch Minnesota staff shall communicate with organizations in greater Minnesota that have received a grant under subdivision 7. To the extent possible, Launch Minnesota shall form partnerships with organizations located throughout the state.

(d) Launch Minnesota must accept grant applications under this section and provide funding recommendations to the commissioner and the commissioner shall distribute grants based in part on the recommendations.

Subd. 5. **Application process.** (a) The commissioner shall establish the application form and procedures for grants.

(b) Upon receiving recommendations from Launch Minnesota, the commissioner is responsible for evaluating all applications using evaluation criteria which shall be developed by Launch Minnesota in consultation with the advisory board.

(c) For grants under subdivision 6, priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

(2) a business owner, individual with a disability, or entrepreneur who is a woman, veteran, or minority group member.

(d) For grants under subdivision 7, priority shall be given if the applicant is planning to serve:

(1) businesses or entrepreneurs located in greater Minnesota; or

(2) business owners, individuals with disabilities, or entrepreneurs who are women, veterans, or minority group members.

(e) The department staff, and not Launch Minnesota staff, are responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(f) Grantees must provide matching funds by equal expenditures and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

(g) Grant applications must be accepted on a regular periodic basis by Launch Minnesota and must be reviewed by Launch Minnesota and the advisory board before being submitted to the commissioner with their recommendations.

Subd. 6. **Innovation grants.** (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to \$35,000 to an eligible business or entrepreneur for research and development expenses, direct business expenses, and the purchase of technical assistance or services from public higher education institutions and nonprofit entities. Research and development expenditures may include but are not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant under this paragraph.

(c) The commissioner shall provide a grant of up to \$35,000 in Phase 1 or \$50,000 in Phase 2 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a first time Phase 1 or Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2022. Each business or entrepreneur may receive only one grant per biennium under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph (k).

Subd. 7. **Entrepreneur education grants.** (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than Launch Minnesota. The evaluation criteria must be developed by Launch Minnesota, in consultation with the advisory board, and the commissioner, and priority must be given to an applicant who demonstrates activity assisting business owners or entrepreneurs residing in greater Minnesota or who are women, veterans, or minority group members.

(c) Department staff other than Launch Minnesota staff are responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to innovative technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under section 116J.8737, the MNvest crowd-funding program under section 80A.461, and other state programs that support innovative technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing innovation economy.

Subd. 8. **Report.** Launch Minnesota shall annually report by December 31 to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. Each report shall include information on the work completed, including awards made by the department under this section and progress toward transferring the activities of Launch Minnesota to an entity outside of state government.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the director regarding the activities of Launch Minnesota, make the recommendations described in this section, and develop and initiate a strategic plan for transferring some activities of Launch Minnesota to a new or existing public-private partnership or nonprofit organization outside of state government.

(b) The advisory board shall consist of ten members and is governed by section 15.059. A minimum of seven members must be from the private sector representing business and at least two members but no more than three members must be from government and higher education. At least three of the members of the advisory board shall be from greater Minnesota and at least three members shall be minority group members. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its private sector members. The director shall provide administrative support to the committee.

(d) The commissioner, or a designee, shall serve as an ex-officio, nonvoting member of the advisory board.

Sec. 16. [116J.9926] EMERGING DEVELOPER FUND PROGRAM.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Disadvantaged community" means a community where the median household income is less than 80 percent of the area median income.

(d) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(e) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined in section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined in section 116M.14, subdivision 9; or

(iv) low-income person.

(f) "Low-income person" means a person who:

(1) has a household income at or below 200 percent of the federal poverty level; or

(2) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.

(g) "Partner organization" means a community development financial institution or a similarly qualified nonprofit corporation, as determined by the commissioner.

(h) "Program" means the emerging developer fund program created under this section.

Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund program to make grants to partner organizations to make grants and loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program must also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a competitive process to award grants to partner organizations to make grants and loans to emerging developers under subdivision 4.

(b) A partner organization may use up to ten percent of grant funds for the administrative costs of the program.

Subd. 4. **Grants and loans to emerging developers.** (a) Through the program, partner organizations shall offer emerging developers predevelopment grants and predevelopment, construction, and bridge loans for eligible projects according to a plan submitted to and approved by the commissioner.

(b) Predevelopment grants must be for no more than \$100,000. All loans must be for no more than \$1,000,000.

(c) Loans must be for a term set by the partner organization and approved by the commissioner of no less than six months and no more than eight years, depending on the use of loan proceeds.

(d) Loans must be for zero interest or an interest rate of no more than the Wall Street Journal prime rate, as determined by the partner organization and approved by the commissioner based on the individual project risk and type of loan sought.

(e) Loans must have flexible collateral requirements compared to traditional loans, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.

(f) Loans must have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans must have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the partner organization's request and the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments must be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 5. **Eligible expenses.** (a) The following are eligible expenses for a predevelopment grant or loan under the program:

- (1) earnest money or purchase deposit;
- (2) building inspection fees and environmental reviews;
- (3) appraisal and surveying;
- (4) design and tax credit application fees;
- (5) title and recording fees;
- (6) site preparation, demolition, and stabilization;
- (7) interim maintenance and project overhead;
- (8) property taxes and insurance;
- (9) construction bonds or letters of credit;
- (10) market and feasibility studies; and
- (11) professional fees.

(b) The following are eligible expenses for a construction or bridge loan under the program:

- (1) land or building acquisition;
- (2) construction-related expenses;

- (3) developer and contractor fees;
- (4) site preparation, environmental cleanup, and demolition;
- (5) financing fees, including title and recording;
- (6) professional fees;
- (7) carrying costs;
- (8) construction period interest;
- (9) project reserves; and
- (10) leasehold improvements and equipment purchase.

Subd. 6. **Emerging developer fund account.** An emerging developer fund account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants to partner organizations to make loans under this section.

Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2025, each partner organization shall submit a report to the commissioner on the use of program funds and program outcomes.

(b) By March 15 of each year, beginning in 2025, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

Sec. 17. Minnesota Statutes 2022, section 116L.361, subdivision 7, is amended to read:

Subd. 7. ~~Very~~ **Low income.** "~~Very~~ Low income" means incomes that are at or less than ~~50~~ 80 percent of the area median income, adjusted for family size, as estimated by the Department of Housing and Urban Development.

Sec. 18. Minnesota Statutes 2022, section 116L.362, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall make grants to eligible organizations for programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience for targeted youth who have not been served effectively by the current educational system. The programs are to include a work experience component with work projects that result in the rehabilitation, improvement, or construction of (1) residential units for the homeless; (2) improvements to the energy efficiency and environmental health of residential units and other green jobs purposes; (3) facilities to support community garden projects; or (4) education, social service, or health facilities which are owned by a public agency or a private nonprofit organization.

(b) Eligible facilities must principally provide services to homeless or ~~very~~ low income individuals and families, and include the following:

- (1) Head Start or day care centers, including playhouses or similar incidental structures;

- (2) homeless, battered women, or other shelters;
- (3) transitional housing and tiny houses;
- (4) youth or senior citizen centers;
- (5) community health centers; and
- (6) community garden facilities.

Two or more eligible organizations may jointly apply for a grant. The commissioner shall administer the grant program.

Sec. 19. Minnesota Statutes 2022, section 116L.364, subdivision 3, is amended to read:

Subd. 3. **Work experience component.** A work experience component must be included in each program. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities. A training subsidy, living allowance, or stipend, not to exceed an amount equal to 100 percent of the poverty line for a family of two as defined in ~~United States Code, title 42, section 673, paragraph (2)~~ the final rules and regulations of the Workforce Innovation and Opportunity Act, may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in (1) the expansion or improvement of residential units for homeless persons and ~~very~~ low income families; (2) improvements to the energy efficiency and environmental health of residential units; (3) facilities to support community garden projects; or (4) rehabilitation, improvement, or construction of eligible education, social service, or health facilities that principally serve homeless or ~~very~~ low income individuals and families. Any work project must include direct supervision by individuals skilled in each specific vocation. Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Sec. 20. Minnesota Statutes 2022, section 116L.365, subdivision 1, is amended to read:

Subdivision 1. **Priority for housing.** Any residential or transitional housing units that become available through a work project that is part of the program described in section 116L.364 must be allocated in the following order:

- (1) homeless targeted youth who have participated in constructing, rehabilitating, or improving the unit;
- (2) homeless families with at least one dependent;
- (3) other homeless individuals;
- (4) other ~~very~~ low income families and individuals; and
- (5) families or individuals that receive public assistance and that do not qualify in any other priority group.

Sec. 21. **[116L.43] TARGETED POPULATIONS WORKFORCE GRANTS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Community-based organization" means a nonprofit organization that:

(1) provides workforce development programming or services;

(2) has an annual organizational budget of no more than \$1,000,000;

(3) has its primary office located in a historically underserved community of color or low-income community; and

(4) serves a population that generally reflects the demographics of that local community.

(c) "Entry level jobs" means part-time or full-time jobs that an individual can perform without any prior education or experience.

(d) "High wage" means the income needed for a family to cover minimum necessary expenses in a given geographic area, including food, child care, health care, housing, and transportation.

(e) "Industry specific certification" means a credential an individual can earn to show proficiency in a particular area or skill.

(f) "Remedial training" means additional training provided to staff following the identification of a need and intended to increase proficiency in performing job tasks.

(g) "Small business" has the same meaning as section 645.445.

Subd. 2. **Job and entrepreneurial skills training grants.** (a) The commissioner shall establish a job and entrepreneurial skills training grant program that must provide competitive funding to community-based organizations to provide skills training that leads to employment or business development in high-growth industries.

(b) Eligible forms of skills training include:

(1) student tutoring and testing support services;

(2) training and employment placement in high-wage and high-growth employment;

(3) assistance in obtaining industry specific certifications;

(4) remedial training leading to enrollment in further training or education;

(5) real-time work experience or on-the-job training;

(6) career and educational counseling;

(7) work experience and internships;

- (8) supportive services;
- (9) tuition reimbursement for new entrants into public sector careers;
- (10) career mentorship;
- (11) postprogram case management services;
- (12) job placement services; and
- (13) the cost of corporate board of director training for people of color.

(c) Grant awards must not exceed \$750,000 per year per organization and all funding awards must be made for the duration of a biennium. An organization may partner with another organization to utilize grant awards, provided that the organizations must not be funded to deliver the same services. Grants related to entrepreneurial skills training awarded under this subdivision are not subject to section 116L.98.

**Subd. 3. Diversity and inclusion training for small employers.** (a) The commissioner shall establish a diversity and inclusion training grant program which shall provide competitive grants to small businesses for diversity and inclusion training, including the creation and implementation of a plan to actively engage, hire, and retain people of color for both entry level and high-wage opportunities, including management and board of director positions.

(b) Grant awards must not exceed \$30,000 per business. A business may only receive one grant for diversity and inclusion training per biennium.

(c) Applicants are required to submit a plan for use of the funds. Grant recipients are required to submit a diversity and inclusion implementation plan after training is completed.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Sections 116J.993 to 116J.995 do not apply to assistance under this subdivision.

**Subd. 4. Capacity building.** (a) The commissioner shall establish a capacity building grant program to provide training services and funding for capacity building to community-based organizations.

(b) Eligible uses of grant awards include covering the cost of workforce program delivery staff, program infrastructure costs, and workforce training related service model development.

(c) Grant awards must not exceed \$50,000 per organization and are limited to one grant per community-based organization.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Grant recipients must submit a report to the commissioner outlining the use of grant funds and the impact of that funding on the community-based organization's future ability to provide workforce development services.

Sec. 22. Minnesota Statutes 2022, section 116L.56, subdivision 2, is amended to read:

Subd. 2. **Eligible applicant.** "Eligible applicant" means an individual who is between the ages of 14 and ~~24~~ 24 and economically disadvantaged.

An at-risk youth who is classified as a family of one is deemed economically disadvantaged. For purposes of eligibility determination the following individuals are considered at risk:

- (1) a pregnant or parenting youth;
- (2) a youth with limited English proficiency;
- (3) a potential or actual school dropout;
- (4) a youth in an offender or diversion program;
- (5) a public assistance recipient or a recipient of group home services;
- (6) a youth with disabilities including learning disabilities;
- (7) a child of drug or alcohol abusers or a youth with substance use disorder;
- (8) a homeless or runaway youth;
- (9) a youth with basic skills deficiency;
- (10) a youth with an educational attainment of one or more levels below grade level appropriate to age; or
- (11) a foster child.

Sec. 23. Minnesota Statutes 2022, section 116L.561, subdivision 5, is amended to read:

Subd. 5. **Allocation formula.** Seventy percent of Minnesota youth program funds must be allocated based on the county's share of economically disadvantaged youth. The remaining 30 percent must be allocated based on the county's share of population ages 14 to ~~24~~ 24.

Sec. 24. Minnesota Statutes 2022, section 116L.562, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section:

- (1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;
- (2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and
- (3) "economically disadvantaged" means youth who are economically disadvantaged as defined in ~~United States Code, title 29, section 1503~~ the rules and regulations of the Workforce Innovation and Opportunity Act.

Sec. 25. Minnesota Statutes 2022, section 469.40, subdivision 11, is amended to read:

Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

- (1) acquire real property and other assets associated with the real property;
  - (2) demolish, repair, or rehabilitate buildings;
  - (3) remediate land and buildings as required to prepare the property for acquisition or development;
  - (4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities; utility relocations and replacements; network and communication systems; streetscape improvements; drainage systems; sewer and water systems; subgrade structures and associated improvements; landscaping; facade construction and restoration; design and predesign, including architectural, engineering, and similar services; legal, regulatory, and other compliance services; construction costs, including all materials and supplies; wayfinding and signage; community engagement; transit costs incurred on or after March 16, 2020; and other components of community infrastructure;
  - (5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;
  - (6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;
  - (7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;
  - (8) prepare land for private development and to sell or lease land;
  - (9) provide costs of relocation benefits to occupants of acquired properties; and
  - (10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.
- (b) A public infrastructure project is not a business subsidy under section 116J.993.
- (c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43. The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

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

Sec. 26. Minnesota Statutes 2022, section 469.47, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Construction projects" means:

(1) for expenditures by a medical business entity, construction of buildings in the city for which the building permit was issued after June 30, 2013; and

(2) for any other expenditures, construction of privately owned buildings and other improvements that are undertaken pursuant to or as part of the development plan and are located within a medical center development district.

(d) "Expenditures" means expenditures made by a medical business entity or by an individual or private entity on construction projects for the capital cost of the project including, but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs, including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

Expenditures excludes supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures for the year" means the total certified expenditures since June 30, 2013, through the end of the preceding year, minus \$200,000,000.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, ~~such as~~ including but not limited to buses and other means of transit, transit stations, equipment, bus charging stations or bus charging equipment, rights-of-way, and similar costs permitted under section 469.40, subdivision 11. This provision includes transit costs incurred on or after March 16, 2020.

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

Sec. 27. Minnesota Statutes 2022, section 469.47, subdivision 5, is amended to read:

Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section if the county contributes the required local matching contribution under subdivision 6 or the city or county has agreed to make an equivalent contribution out of other funds for the year.

(b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city the state transit aid in the amount calculated under this paragraph. The amount of the state transit aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 0.75 percent, ~~reduced by~~ subject to the amount of the required local contribution under subdivision 6. City or county contributions that are in excess of this ratio carry forward and are credited toward subsequent years. The maximum amount of state transit aid payable in any year is limited to no more than \$7,500,000. If the commissioner determines that the city or county has not made the full required matching local contribution for the year, the commissioner must pay state transit aid only ~~in proportion to the amount of~~ for the matching contribution made ~~for the year~~ and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution ~~for that prior year~~ is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, \$116,000,000 of transit costs.

(d) The city must use state transit aid it receives under this subdivision for transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

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

Sec. 28. Minnesota Statutes 2022, section 469.47, subdivision 6, is amended to read:

Subd. 6. **Transit aid; local matching contribution.** (a) The required local matching contribution for state transit aid equals the lesser of:

(1) 40 percent of the state transit aid subject to the \$7,500,000 limit under subdivision 5; or

(2) the amount that would be raised by a 0.15 percent sales tax imposed by the county in the preceding year.

The county may impose the sales tax or the wheelage tax under section 469.46 to meet this obligation.

(b) If the county elects not to impose any of the taxes authorized under section 469.46, the county, or city, or both, may agree to make the local contribution out of other available funds, other than state aid payable under this section. The commissioner of revenue must estimate the required amount and certify it to the commissioner, city, and county.

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

Sec. 29. Laws 2021, First Special Session chapter 4, article 8, section 30, is amended to read:

Sec. 30. **CLEAN ENERGY CAREERS PILOT PROJECT.**

(a) The commissioner of employment and economic development must issue a grant for a pilot project to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities.

(b) The pilot project must develop skills in program participants, short of the level required for licensing under Minnesota Statutes, chapter 326, that are relevant to designing, constructing, operating, or maintaining:

(1) systems that produce renewable solar or wind energy;

(2) improvements in energy efficiency, as defined under Minnesota Statutes, section 216B.241, subdivision 1;

(3) energy storage systems, including battery technology, connected to renewable energy facilities;

(4) infrastructure for charging all-electric or electric hybrid motor vehicles; or

(5) grid technologies that manage load and provide services to the distribution grid that reduce energy consumption or shift demand to off-peak periods.

(c) Training must be designed to create pathways to (1) a postsecondary degree, industry certification, or a registered apprenticeship program under Minnesota Statutes, chapter 178, that is related to the fields in paragraph (b), and (2) stable career employment at a living wage.

(d) Money from a grant under this section may be used for all expenses related to the training program, including curriculum, instructors, equipment, materials, and leasing and improving space for use by the pilot program.

(e) No later than January 15, 2022, and by January 15 of 2023 ~~and~~ 2024, and 2025, Northgate Development, LLC, shall submit an annual report to the commissioner of employment and economic development that must include, at a minimum, information on:

(1) program expenditures, including but not limited to amounts spent on curriculum, instructors, equipment, materials, and leasing and improving space for use by the program;

(2) other public or private funding sources, including in-kind donations, supporting the pilot program;

(3) the number of program participants;

(4) demographic information on program participants including but not limited to race, age, gender, and income; and

(5) the number of program participants placed in a postsecondary program, industry certification program, or registered apprenticeship program under Minnesota Statutes, chapter 178.

Sec. 30. Laws 2021, First Special Session chapter 10, article 2, section 24, is amended to read:

Sec. 24. **FORGIVABLE LOAN PROGRAM FOR REMOTE RECREATIONAL BUSINESSES.**

Subdivision 1. **Establishment.** Lake of the Woods County shall establish a loan program to make forgivable loans to eligible remote recreational businesses that experienced a loss in revenue that is greater than 30 percent during the period between March 15, ~~2020~~ 2021, and March 15, ~~2021~~ 2022, as compared with ~~the previous year~~ March 15, 2019, and March 15, 2020.

Subd. 2. **Definition.** For the purposes of this section, "remote recreational business" means a business in the contiguous United States that is:

(1) a small business concern as defined under section 3 of the Small Business Act, United States Code, title 15, section 632, operating in the recreational industry;

(2) located within 75 miles of the United States and Canadian border; and

(3) only accessible by land via Canada.

Subd. 3. **Eligibility.** To be eligible for a forgivable loan, a remote recreational business must:

(1) have been in operation on March 15, ~~2020~~ 2021;

(2) show that the closure and ongoing COVID-19-related requirements of the United States and Canadian border restricted the ability of American customers to access the location of the remote recreational business; and

(3) not have received a grant under the Main Street COVID-19 relief grant program.

Subd. 4. **Application.** (a) Lake of the Woods County shall develop forms and procedures for soliciting and reviewing applications for loans under this section.

(b) Loans shall be made before ~~April 1, 2022~~ December 30, 2023. Any funds not spent by ~~April 1~~ December 30, 2022 2024, must be returned to the state general fund.

(c) If there are insufficient funds to pay all claims in full, the county shall distribute funds on a prorated basis.

Subd. 5. **Maximum loan amount.** The maximum loan amount shall be equal to 75 percent of the remote recreational business's gross annual receipts for fiscal year ~~2020~~ 2021, not to exceed \$500,000 per eligible remote recreational business.

Subd. 6. **Forgiveness.** Loans are forgiven for a remote recreational business if the business remains in operation for at least one year after the date of the loan. Lake of the Woods County shall forgive 100 percent of the value of a loan received less the amount the borrower received from:

(1) any other loan forgiveness program, including any program established under the CARES Act, Public Law 116-136; and

(2) an advance received under section 1110 of the CARES Act, United States Code, title 15, section 9009.

Subd. 7. **Report to legislature.** By ~~January 15, 2023~~ April 30, 2024, Lake of the Woods County shall report to the legislative committees with jurisdiction over economic development policy and finance on the loans provided to remote recreational businesses under this section.

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

Sec. 31. **MINNESOTA EMPLOYER REASONABLE ACCOMMODATION FUND.**

**Subdivision 1. Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Applicant" means any person, whether employed or unemployed, seeking or entering into any arrangement for employment or change of employment with an eligible employer.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible employer" means an employer domiciled within the legal boundaries of Minnesota and having its principal place of business as identified in its certificate of incorporation in the state of Minnesota who:

(1) employs not more than 500 employees on any business day during the preceding calendar year; and

(2) generates \$5,000,000 or less in gross annual revenue.

(e) "Employee" has the meaning given in Minnesota Statutes, section 363A.03, subdivision 15.

(f) "Individual with a disability" has the meaning given to "qualified disabled person" in Minnesota Statutes, section 363A.03, subdivision 36.

(g) "Reasonable accommodation" has the meaning given in Minnesota Statutes, section 363A.08, subdivision 6.

**Subd. 2. Reimbursement grant program established.** The commissioner shall establish a reasonable accommodation reimbursement grant program that reimburses eligible employers for the cost of expenses incurred in providing reasonable accommodations for individuals with a disability who are either applicants or employees of the eligible employer.

**Subd. 3. Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for reimbursement under this section.

(b) The program shall award reimbursements to eligible employers to the extent that funds are available in the account established under subdivision 5 for this purpose.

(c) Applications shall be processed on a first-received, first-processed basis within each fiscal year until funding is exhausted. Applications received after funding has been exhausted in a fiscal year are not eligible for reimbursement.

(d) Documentation for reimbursement shall be provided by eligible employers in a form approved by the commissioner.

Subd. 4. **Reimbursement awards.** The maximum total reimbursement per eligible employer in a fiscal year is \$30,000 and:

(1) submissions for onetime reasonable accommodation expenses must be no less than \$250 and no more than \$15,000 per individual with a disability; and

(2) submissions for ongoing reasonable accommodation expenses have no minimum or maximum requirements.

Subd. 5. **Employer reasonable accommodation fund account established.** The employer reasonable accommodation fund account is created as an account in the special revenue fund. Money in the account is appropriated to the commissioner for the purposes of reimbursing eligible employers under this section.

Subd. 6. **Technical assistance and consultation.** The commissioner may provide technical assistance regarding requests for reasonable accommodations.

Subd. 7. **Administration and marketing costs.** The commissioner may use up to 20 percent of the biennial appropriation for administration and marketing of this section.

Subd. 8. **Notification.** By September 1, 2023, or within 60 days following final enactment, whichever is later, and each year thereafter by June 30, the commissioner shall make publicly available information regarding the availability of funds for reasonable accommodation reimbursement and the procedure for requesting reimbursement under this section.

Subd. 9. **Reports to the legislature.** By January 15, 2024, and each January 15 thereafter until expiration, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over workforce development that details the use of grant funds. This report must include data on the number of employer reimbursements the program made in the preceding calendar year. The report must include:

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the employers from which the requests were made;

(4) the number and type of accommodations that were denied and why;

(5) any remaining balance left in the account; and

(6) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to employers.

Subd. 10. **Expiration.** This section expires June 30, 2025, or when money appropriated for its purpose expires, whichever is later.

**Sec. 32. CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding a grant to the Northland Foundation for the relief program under this section:

(1) the Northland Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

(2) the Northland Foundation must submit its criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is \$50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least ten percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals, and wage and benefit goals.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to one percent of the appropriation made for this section for administrative expenses of the department.

**EFFECTIVE DATE.** This section is effective July 1, 2023, and expires June 30, 2024.

Sec. 33. **COMMUNITY WEALTH-BUILDING GRANT PROGRAM PILOT PROJECT.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Community business" means a cooperative, an employee-owned business, or a commercial land trust that is at least 51 percent owned by individuals from targeted groups.

(d) "Partner organization" means a community development financial institution or nonprofit corporation.

(e) "Program" means the community wealth-building grant program created under this section.

(f) "Targeted groups" means persons who are Black, Indigenous, People of Color, immigrants, low-income, women, veterans, or persons with disabilities.

Subd. 2. **Establishment.** The commissioner shall establish a community wealth-building grant program to award grants to partner organizations to fund low-interest loans to community businesses. The program must encourage tax-base revitalization, private investment, job creation for targeted groups, creation and strengthening of business enterprises, assistance to displaced businesses, and promotion of economic development in low-income areas.

Subd. 3. **Administration.** (a) The commissioner shall ensure that loans through the program will fund community businesses statewide and shall make reasonable attempts to balance the amount of funding available to community businesses inside and outside of the metropolitan area as defined under section 473.121, subdivision 2.

(b) Partner organizations that receive grants under this subdivision shall use up to ten percent of their award to provide specialized technical and legal assistance, either directly or through a partnership with organizations with expertise in shared ownership structures, to community businesses and businesses in the process of transitioning to community ownership.

Subd. 4. **Loans to community businesses.** (a) A partner organization that receives a grant under subdivision 3 shall establish a plan for making low-interest loans to community businesses. The plan requires approval by the commissioner.

(b) Under the plan:

(1) the state contribution to each loan shall be no less than \$50,000 and no more than \$500,000;

(2) loans shall be made for projects that are unlikely to be undertaken unless a loan is received under the program;

(3) priority shall be given to loans to businesses in the lowest income areas;

(4) the interest rate on a loan shall not be higher than the Wall Street Journal prime rate;

(5) 50 percent of all repayments of principal on a loan under the program shall be used to fund additional lending. The partner organization may retain the remainder of loan repayments to service loans and provide further technical assistance;

(6) the partner organization may charge a loan origination fee of no more than one percent of the loan value and may retain that origination fee; and

(7) a partner organization may not make a loan to a project in which it has an ownership interest.

Subd. 5. **Reports.** (a) The partner organization shall submit a report to the commissioner by January 31 of 2024, 2025, and 2026. The report shall include:

(1) an account of all loans made through the program the preceding calendar year and the impact of those loans on community businesses and job creation for targeted groups;

(2) information on the source and amount of money collected and distributed under the program, its assets and liabilities, and an explanation of administrative expenses; and

(3) an independent audit of grant funds performed in accordance with generally accepted accounting practices and auditing standards.

(b) By February 15 of 2024, 2025, and 2026, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over workforce and economic development on program outcomes, including copies of all reports received under paragraph (a).

Sec. 34. **REPEALER.**

Laws 2019, First Special Session chapter 7, article 2, section 8, as amended by Laws 2021, First Special Session chapter 10, article 2, section 19, is repealed.

**ARTICLE 16****EXPLORE MINNESOTA**

Section 1. Minnesota Statutes 2022, section 116U.05, is amended to read:

**116U.05 EXPLORE MINNESOTA TOURISM.**

Explore Minnesota ~~Tourism~~ is ~~created as~~ an office in the executive branch with a director appointed by the governor. The director is under the supervision of the commissioner of employment and economic development and oversees Explore Minnesota Tourism and Explore Minnesota for Business divisions. The director serves in the unclassified service and must be qualified by experience and training in ~~travel and tourism~~ related fields.

**Sec. 2. 116U.06 EXPLORE MINNESOTA TOURISM.**

Explore Minnesota Tourism is a division of Explore Minnesota and exists to support Minnesota's economy through promotion and facilitation of travel to and within the state of Minnesota.

**Sec. 3. 116U.07 EXPLORE MINNESOTA FOR BUSINESS.**

Explore Minnesota for Business is a division of Explore Minnesota. Its mission is to promote overall livability and workforce and economic opportunity in Minnesota. Explore Minnesota for Business works in conjunction with the department of employment and economic development to establish and meet statewide goals in these areas.

Sec. 4. Minnesota Statutes 2022, section 116U.10, is amended to read:

**116U.10 DEFINITIONS.**

Subdivision 1. **Scope.** ~~As used in~~ For the purposes of this chapter, the terms ~~defined~~ in this section have the meanings given them.

Subd. 2. **Director.** "Director" means the executive director of Explore Minnesota ~~Tourism~~.

Subd. 3. **Office.** "Office" means Explore Minnesota ~~Tourism~~.

Sec. 5. Minnesota Statutes 2022, section 116U.15, is amended to read:

**116U.15 MISSION.**

(a) The mission of Explore Minnesota ~~Tourism~~ is to promote and facilitate increased travel to and within the state of Minnesota, promote overall livability, and promote workforce and economic opportunity in Minnesota. To further the mission of Explore Minnesota, the office is advised by councils focused on tourism and talent attraction and business marketing. Its goals are to:

(1) expand public and private partnerships through increased interagency efforts and increased tourism and business industry participation;

(2) increase productivity through enhanced flexibility and options; and

(3) use innovative fiscal and human resource practices to manage the state's resources and operate the office as efficiently as possible.

(b) The director shall report to the legislature on the performance of the office's operations and the accomplishment of its goals in the office's biennial budget according to section 16A.10, subdivision 1.

Sec. 6. Minnesota Statutes 2022, section 116U.20, is amended to read:

**116U.20 ORGANIZATION.**

The director shall:

(1) employ assistants and other officers, employees, and agents that the director considers necessary to discharge the functions of the office; ~~and~~

(2) define the duties of the officers, employees, and agents, and delegate to them any of the director's powers, duties, and responsibilities, subject to the director's control and under conditions prescribed by the director;

(3) oversee the overall strategy and budgets of the Tourism and Business divisions; and

(4) chair or cochair and oversee the Tourism and Business councils.

Sec. 7. **[116U.24] EXPLORE MINNESOTA COUNCILS.**

(a) The director shall be advised by the Explore Minnesota Tourism Council and Explore Minnesota for Business Council, each consisting of voting members appointed by the governor for four-year terms. The director of Explore Minnesota serves as the chair or cochair of each council. The director may assign employees of the office to participate in oversight of council operations.

(b) Each council shall act to serve the broader interests of the council's divisions by promoting activities and programs of the office that support, maintain, and expand the state's domestic and international travel and trade markets, thereby generating increased visitor expenditures, revenue, and employment.

(c) Filling of membership vacancies is as provided in section 15.059. The terms of one-half of the members shall be coterminous with the governor, and the terms of the remaining one-half of the members shall end on the first Monday in January one year after the terms of the other members. Members may serve until their successors are appointed and qualify. Members are not compensated. A member may be reappointed.

(d) The council shall meet at least four times per year and at other times determined by each council.

(e) If compliance with section 13D.02 is impractical, the Explore Minnesota councils may conduct a meeting of their members by telephone or other electronic means so long as the following conditions are met:

(1) all members of each council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the council can hear clearly all discussion and testimony and all votes of members of each council and, if needed, receive those services required by sections 15.44 and 15.441;

(3) at least one member of each council is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(f) Each member of each council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(g) If telephone or other electronic means is used to conduct a meeting, each council, to the extent practicable, shall allow a person to monitor the meeting electronically from a remote location. Each council may require the person making such a connection to pay for documented marginal costs that each council incurs as a result of the additional connection.

(h) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and whether a cost will be incurred under paragraph (f). The timing and method of providing notice is governed by section 13D.04.

Sec. 8. [116U.242] EXPLORE MINNESOTA FOR BUSINESS COUNCIL.

(a) The director shall be advised by the Explore Minnesota for Business Council consisting of up to 14 voting members appointed by the governor for four-year terms, including:

(1) the director of Explore Minnesota and the commissioner of employment and economic development, who serve as cochairs;

(2) three representatives in marketing, human resources, or executive leadership from Minnesota-based companies with more than 100 employees representing Minnesota's key industries, including health care, technology, food and agriculture, manufacturing, retail, energy, and support services;

(3) two representatives from statewide or regional marketing or business association leadership, the Iron Range, and nonprofits focused on economic development or human resource management;

(4) one representative from a Minnesota college or university staff, faculty, leadership, student leadership, or alumni association;

(5) one member representing Minnesota's start-up and entrepreneurial industry who has started at least one Minnesota-based business in the last five years and has at least 20 employees;

(6) two representatives from the Minnesota Indian Affairs Council and Minnesota Tribal leadership, including casino management;

(7) two representatives from Minnesota's Ethnic Chambers of Commerce Leadership and the Minnesota Chamber of Commerce; and

(8) one at-large representative in the field of general marketing, talent attraction, or economic development.

(b) The council shall act to serve the broader interest of promoting overall livability and workforce and economic opportunity in Minnesota. Members shall advise Explore Minnesota for Business' marketing efforts by emphasizing and prioritizing diversity, equity, inclusion, and accessibility and providing professional marketing insights.

Sec. 9. Minnesota Statutes 2022, section 116U.30, is amended to read:

**116U.30 DUTIES OF DIRECTOR.**

(a) The director shall:

(1) publish, disseminate, and distribute informational and promotional materials;

(2) promote and encourage the coordination of Minnesota travel, tourism, overall livability, and workforce and economic opportunity promotion efforts with other state agencies and develop multiagency marketing strategies when appropriate;

(3) promote and encourage the expansion and development of international tourism, trade, and Minnesota livability marketing;

(4) advertise and disseminate information about Minnesota travel, tourism, and workforce and economic development opportunities;

(5) aid various local communities to improve their travel, tourism, and overall livability marketing programs;

(6) coordinate and implement a comprehensive state travel, tourism, workforce and economic development, and overall livability marketing ~~program~~ programs that ~~takes~~ take into consideration public and private businesses and attractions;

(7) contract, in accordance with section 16C.08, for professional services if the work or services cannot be satisfactorily performed by employees of the agency or by any other state agency;

(8) provide local, regional, and statewide ~~tourism~~ organizations with information, technical assistance, training, and advice on using state tourism and livability information and programs; and

(9) generally gather, compile, and make available statistical information relating to Minnesota travel, tourism, workforce and economic development, overall livability, and related areas in this state, ~~with~~. The director has the authority to call upon other state agencies for statistical data and results obtained by them and to arrange and compile that statistical information.

(b) The director may:

(1) apply for, receive, and spend money for travel, tourism, workforce and economic development, and overall livability development and marketing from other agencies ~~and tourism~~, organizations, and businesses;

(2) apply for, accept, and disburse grants and other aids for tourism development and marketing from the federal government and other sources;

(3) enter into joint powers or cooperative agreements with agencies of the federal government, local governmental units, regional development commissions, other state agencies, the University of Minnesota and other educational institutions, other states, Canadian provinces, and local, statewide, and regional tourism organizations as necessary to perform the director's duties;

(4) enter into interagency agreements and agree to share net revenues with the contributing agencies;

(5) make grants;

(6) conduct market research and analysis to improve marketing techniques in the area of travel, tourism, workforce and economic development, and overall livability;

(7) monitor and study trends in the ~~tourism industry~~ related industries and provide resources and training to address change;

(8) annually convene conferences of Minnesota ~~tourism~~ providers for the purposes of exchanging information on tourism development, coordinating marketing activities, and formulating tourism, overall livability, and workforce and economic opportunity promotion development strategies; and

(9) enter into ~~tourism~~ promotion contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries; to promote international travel and to implement this chapter.

(c) Contracts for goods and nonprofessional technical services made under paragraph (b), clauses (3) and (9), are not subject to the provisions of sections 16C.03, subdivision 3, and 16C.06 concerning competitive bidding and section 16C.055 concerning barter arrangements. ~~Unless otherwise determined by the commissioner of administration, all other provisions of chapter 16C apply to this section, including section 16C.08, relating to professional and technical services.~~ Contracts may be negotiated and are not subject to the provisions of chapter 16C relating to competitive bidding.

Sec. 10. Minnesota Statutes 2022, section 116U.35, is amended to read:

**116U.35 PROMOTIONAL EXPENSES.**

To promote travel, tourism, workforce and economic development, and overall livability of the state, the director may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. Policies on promotional expenses must be approved by ~~the Explore Minnesota Tourism Council~~ and the commissioner of administration. A policy for expenditures on food, lodging, and travel must

be approved by the commissioner of management and budget. No money may be expended for the appearance in radio or television broadcasts by an elected public official.

## ARTICLE 17

### CAPITOL AREA

#### Section 1. CAPITOL AREA COMMUNITY VITALITY TASK FORCE; APPROPRIATION.

Subdivision 1. Task force established; membership. (a) A Capitol Area Community Vitality Task Force is established. The task force consists of the following members:

(1) the executive secretary of the Capitol Area Architectural and Planning Board;

(2) one member of the Capitol Area Architectural and Planning Board, appointed by the board;

(3) two members of the house of representatives appointed by the speaker of the house, of whom one must be a member of the majority caucus of the house, and one must be a member of the minority caucus of the house;

(4) two members of the senate appointed by the majority leader of the senate, of whom one must be a member of the majority caucus of the senate, and one must be a member of the minority caucus of the senate;

(5) four members who are residents, businesspeople, or members of local organizations in the Capitol Area, appointed by the mayor of St. Paul; and

(6) one member of the public appointed by the governor.

(b) The task force must elect a chair and other officers from among its members. Appointments to the task force must be made no later than July 15, 2023. The executive secretary of the Capitol Area Architectural and Planning Board must convene the first meeting of the task force no later than August 15, 2023.

(c) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. Terms; compensation. The terms and compensation of members of the task force are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 3. Administrative support. The Capitol Area Architectural and Planning Board must provide administrative support to assist the task force in its work.

Subd. 4. Duties; report. The task force must consider and develop recommendations for the administration, program plan, and oversight of the Capitol Area community vitality account established by this act. The task force must submit its recommendations to the Capitol Area Architectural and Planning Board for approval. A report including the approved recommendations must be submitted by the Capitol Area Architectural and Planning Board to the chairs and ranking

minority members of the committees of the legislature with jurisdiction over the board no later than February 1, 2024.

Subd. 5. **Expiration.** Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, the task force expires upon submission of the report required by subdivision 4.

Subd. 6. **Appropriation.** \$150,000 in fiscal year 2024 is appropriated from the general fund to the Capitol Area Architectural and Planning Board to support the work of the task force, including but not limited to payment of fees and other expenses necessary to retain appropriate professional consultants, conduct public meetings, and facilitate other activities as requested by the task force.

**Sec. 2. CAPITOL AREA COMMUNITY VITALITY ACCOUNT.**

Subdivision 1. **Account established; appropriation.** (a) A Capitol Area community vitality account is established in the special revenue fund. Money in the account is appropriated to the commissioner of administration to improve the livability, economic health, and safety of communities within the Capitol Area, provided that no funds may be expended until a detailed program and oversight plan to govern their use, in accordance with the spending recommendations of the Capitol Area Community Vitality Task Force as approved by the Capitol Area Architectural and Planning Board, has been further approved by law.

(b) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. **Appropriation.** \$5,000,000 in fiscal year 2024 is transferred from the general fund to the Capitol Area community vitality account.

**ARTICLE 18**

**PROMISE ACT**

Section 1. **TITLE.**

This article shall be known as the "Providing Resources and Opportunity and Maximizing Investments in Striving Entrepreneurs (PROMISE) Act."

Sec. 2. **PROMISE GRANT PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Business" means both for-profit businesses and nonprofit organizations that earn revenue in ways similar to businesses.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Partner organization" or "partner" means the Minnesota Initiative Foundations and nonprofit corporations receiving grants to provide grants to businesses under this section.

(e) "Program" means the PROMISE grant program under this section.

Subd. 2. **Establishment.** The commissioner shall establish the PROMISE grant program to make grants to partner organizations to make grants to businesses in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, loss of population or an aging population, or lack of regional economic diversification.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide grants to businesses under subdivision 4 using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) Up to five percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program, and three percent of a grant shall be used by the partner organization for technical assistance to grantees for help with language, culture, and technology.

(c) Any money not spent by partner organizations by June 30, 2027, must be returned to the commissioner and canceled back to the general fund.

Subd. 4. **Grants to businesses.** (a) Partners shall make grants to businesses using criteria, forms, applications, and reporting requirements developed by the partner organization and approved by the commissioner.

(b) To be eligible for a grant under this subdivision, a business must:

(1) have primary business operations located in the state of Minnesota;

(2) be located in a community that has been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification; and

(3) have a gross annual revenue of \$750,000 or less based on 2021 taxes.

(c) Preference shall be given to businesses that did not receive previous assistance of more than \$10,000 cumulatively from the state under:

(1) the governor's Executive Order No. 20-15;

(2) Laws 2020, First Special Session chapter 1, section 4;

(3) Laws 2020, Seventh Special Session chapter 2, article 4 or 5; or

(4) Laws 2021, First Special Session chapter 10, article 2, section 22.

(d) Preference shall be given to businesses that are able to demonstrate financial hardship.

(e) Grants under this subdivision must not exceed:

(1) \$10,000 for businesses with a gross revenue in the prior year of \$100,000 or less;

(2) \$25,000 for businesses with a gross revenue in the prior year of more than \$100,000 but no more than \$350,000; and

(3) \$50,000 for businesses with a gross revenue in the prior year of more than \$350,000 but no more than \$750,000.

(f) No business or individual may receive more than one grant under this section.

(g) Grant money may be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, equipment, and other similar expenses that occur in the regular course of business.

Subd. 5. **Grant requirements.** All grants to businesses under this section are subject to the grant-making requirements in sections 16B.97, 16B.98, and 16B.991.

Subd. 6. **Reports.** (a) By January 31, 2026, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the businesses supported by the program, the amounts granted, and an explanation of administrative expenses.

(b) By March 15, 2026, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about grants made under this section based on the information received under paragraph (a).

Subd. 7. **Expiration.** This section expires December 31, 2027.

### Sec. 3. **PROMISE LOAN PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Borrower" means an eligible recipient receiving a loan under this section.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible project" means the development, redevelopment, demolition, site preparation, predesign, design, engineering, repair, land acquisition, relocation, or renovation of real property or capital improvements. Eligible project includes but is not limited to construction of buildings, infrastructure, related site amenities, landscaping, and street-scaping.

(e) "Eligible recipient" means a:

(1) business;

(2) nonprofit organization; or

(3) developer that is seeking funding to complete an eligible project. Eligible recipient does not include a partner organization or a local unit of government.

Eligible recipients must: (i) have primary operations located in the state of Minnesota; (ii) have gross annual revenue of less than \$1,000,000 based on 2021 taxes; and (iii) be located in a community that has been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification.

(f) "Partner organization" or "Partner" means the Minnesota Initiative Foundations and nonprofit corporations receiving grants to provide loans under this section.

(g) "Program" means the PROMISE loan program under this section.

(h) "Redevelopment" means the acquisition of real property; site preparation; predesign, design, engineering, repair, or renovation of facilities façade improvements, and construction of buildings, infrastructure, and related site amenities; landscaping; street-scaping; land-banking for future development or redevelopment; or financing any of these activities taken on by a private party pursuant to an agreement with the city. Redevelopment does not include project costs that have received compensation or assistance available through insurance policies or from other organizations or government agencies.

Subd. 2. **Establishment.** The commissioner shall establish the PROMISE loan program to make grants to partner organizations to make loans to eligible recipients in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide loans to eligible recipients as specified under this section.

(b) Up to five percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program, and up to three percent of a grant may be used by the partner organization for technical assistance to borrowers.

(c) Any funds from the original appropriation that remain unspent by partner organizations by June 30, 2027, must be returned to the commissioner and canceled back to the general fund.

Subd. 4. **Loans to eligible recipients.** (a) A partner organization may make loans to eligible recipients for eligible projects. A loan to an eligible recipient for an eligible project must:

(1) be for no more than \$1,000,000;

(2) be for a term of no more than ten years; and

(3) not charge an interest rate of more than three percent.

(b) Loans must not be used for working capital or inventory; consolidating, repaying, or refinancing debt; or speculation or investment in rental real estate.

(c) All payments of interest on a loan under this section are the property of the partner organization and shall be used for its administrative and operating expenses under the program.

(d) A partner organization may:

(1) charge a loan origination fee of no more than one percent per loan; and

(2) charge a monthly fee in lieu of interest.

Subd. 5. **Revolving loan fund.** Partner organizations that receive grants from the commissioner under the program must establish a commissioner-certified revolving loan fund for the purpose of making eligible loans. All loan payments shall be deposited in the partner organization's revolving loan fund.

Subd. 6. **Preference.** (a) Priority shall be given to those eligible recipients that have not received more than \$10,000 cumulatively from a grant under a Main Street COVID-19 relief grant program or a loan from the Main Street Economic Revitalization Loan Program.

(b) Priority may also be given to projects that involve developers who are Black, Indigenous, or People of Color; veterans; or women.

Subd. 7. **Oversight.** Grants and any loans to borrowers under this section are subject to the grant-making requirements in sections 16B.97, 16B.98, and 16B.991.

Subd. 8. **Reports.** (a) By January 31, 2026, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the eligible recipients supported by the program, the amounts loaned, and an explanation of administrative expenses.

(b) By March 15, 2026, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about loans made under this section based on the information received under paragraph (a).

Subd. 9. **Expiration.** This section expires December 31, 2033.

## ARTICLE 19

### APPROPRIATIONS; LABOR

#### Section 1. APPROPRIATIONS.

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

#### APPROPRIATIONS

#### Available for the Year

#### Ending June 30

2024

2025

#### Sec. 2. DEPARTMENT OF LABOR AND INDUSTRY



(c) \$134,000 the first year and \$134,000 the second year are for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law.

(d) \$661,000 the first year and \$357,000 the second year are to perform work for the Nursing Home Workforce Standards Board. The base for this appropriation is \$404,000 in fiscal year 2026 and \$357,000 in fiscal year 2027.

(e) \$225,000 the first year and \$169,000 the second year are for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.

(f) \$27,000 the first year is for the creation and distribution of a veterans' benefits and services poster under Minnesota Statutes, section 181.536.

<b>Subd. 4. <u>Workers' Compensation</u></b>	<u>15,190,000</u>	<u>15,725,000</u>
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This appropriation is from the workers' compensation fund.

<b>Subd. 5. <u>Workplace Safety</u></b>	<u>8,644,000</u>	<u>7,559,000</u>
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<u>Appropriations by Fund</u>		
<u>General</u>	<u>2,000,000</u>	<u>-0-</u>
<u>Workers' Compensation</u>	<u>6,644,000</u>	<u>7,559,000</u>

The workers compensation fund base for this appropriation is \$7,918,000 in fiscal year 2026 and \$7,627,000 in fiscal year 2027 and each year thereafter.

\$2,000,000 the first year is for the ergonomics safety grant program. This appropriation is available until June 30, 2026. This is a onetime appropriation.

<b>Subd. 6. <u>Workforce Development Initiatives</u></b>	<u>2,359,000</u>	<u>2,371,000</u>
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(a) This appropriation is from the workforce development fund.

(b) \$300,000 each year is from the workforce development fund for the pipeline program.

(c) \$200,000 each year is from the workforce development fund for identification of competency standards under Minnesota Statutes, section 175.45.

(d) \$1,500,000 each year is from the workforce development fund for youth skills training grants under Minnesota Statutes, section 175.46.

(e) \$359,000 the first year and \$371,000 the second year are from the workforce development fund for administration of the youth skills training grants under Minnesota Statutes, section 175.46.

**Subd. 7. Combative Sports**

243,000

254,000

**Subd. 8. Apprenticeship**

5,989,000

2,759,000

(a) This appropriation is from the workforce development fund. The base for this appropriation is \$2,759,000 in fiscal year 2026 and each year thereafter.

(b) \$1,000,000 the first year and \$1,000,000 the second year are from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11.

(c) \$3,000,000 the first year is from the workforce development fund for grants to registered apprenticeship programs for clean economy occupations. Of this amount, up to five percent is for administration and monitoring of the program. This appropriation is onetime and available until June 30, 2026. Grants may be used to:

(1) purchase equipment or training materials in clean technologies;

(2) fund instructor professional development in clean technologies;

(3) design and refine curriculum in clean technologies; and

(4) train apprentices and upskill incumbent workers in clean technologies.

(d) \$300,000 the first year is from the workforce development fund for a grant to Independent School District No. 294, Houston, for the Minnesota Virtual Academy's career pathways program with Operating Engineers Local 49. This appropriation does not cancel and is available until June 30, 2025. The following requirements apply:

(1) the career pathways program must encourage, support, and provide continuity for student participation in structured career pathways. The program may include up to five semesters of coursework and must lead to eligibility for the Operating Engineers Local 49 apprenticeship program. The career pathways program must provide outreach to and encourage participation in the program by students of color, Indigenous students, students from low-income families, students located throughout Minnesota, and underserved students;

(2) the grant may be used to encourage and support student participation in the career pathways program through additional academic, counseling, and other support services provided by the student's enrolling school district. The Minnesota Virtual Academy may contract with a student's enrolling school district to provide these services; and

(3) on January 15 of each year following the receipt of a grant, Independent School District No. 294, Houston, must submit a written report to the legislative committees having jurisdiction over education and workforce development. A grant award and report must be in accordance with the provisions of Minnesota Statutes, sections

3.195 and 127A.20. The report must describe students' experiences with the program; document the program's spending and the number of students participating in the program and entering into the apprenticeship program; include geographic and demographic information on the program participants; make recommendations to improve the support of career pathways programs statewide; and make recommendations to improve student participation in career pathways programs.

(e) \$225,000 the first year and \$225,000 the second year are from the workforce development fund for grants to Building Strong Communities for the Helmets to Hardhats Minnesota initiative. Grant money must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation in apprenticeship programs registered with the Department of Labor and Industry and connect service members and veterans with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age.

<b><u>Sec. 3. WORKERS' COMPENSATION COURT OF APPEALS</u></b>	<b><u>\$</u></b>	<b><u>2,583,000</u></b>	<b><u>\$</u></b>	<b><u>2,563,000</u></b>
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This appropriation is from the workers' compensation fund.

<b><u>Sec. 4. BUREAU OF MEDIATION SERVICES</u></b>	<b><u>\$</u></b>	<b><u>3,707,000</u></b>	<b><u>\$</u></b>	<b><u>3,789,000</u></b>
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(a) \$750,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

(b) \$68,000 each year is for grants to area labor management committees. Grants may

be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(c) \$47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.

**ARTICLE 20**

**APPROPRIATIONS; JOBS**

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2024**                      **2025**

Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>382,802,000</u>	\$	<u>310,131,000</u>
<u>Appropriations by Fund</u>				
		<u>2024</u>		<u>2025</u>
<u>General</u>		352,525,000		279,854,000
<u>Remediation</u>		700,000		700,000
<u>Workforce Development</u>		30,277,000		30,277,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Business and Community Development 195,061,000 139,929,000

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>193,011,000</u>	<u>137,879,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>1,350,000</u>	<u>1,350,000</u>

(a) \$2,287,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(c) \$2,500,000 each year is for Launch Minnesota. These are onetime appropriations. Of this amount:

(1) \$1,500,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) \$500,000 each year is for administration of Launch Minnesota; and

(3) \$500,000 each year is for grantee activities at Launch Minnesota.

(d)(1) \$500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy

and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(e) \$10,000,000 the first year is for the Minnesota Expanding Opportunity Fund Program under Minnesota Statutes, section 116J.8733. This is a onetime appropriation and is available until June 30, 2025.

(f) \$6,425,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes. The base for this appropriation is \$2,725,000 in fiscal year 2026 and each year thereafter.

(g) \$350,000 each year is for administration of the community energy transition office.

(h) \$5,000,000 each year is transferred from the general fund to the community energy transition account for grants under Minnesota Statutes, section 116J.55. This is a onetime transfer.

(i) \$1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(j) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(k) \$389,000 each year is for the Center for Rural Policy and Development. The base for this appropriation is \$139,000 in fiscal year 2026 and each year thereafter.

(l) \$25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

(m) \$875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(n) \$6,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. The base for this appropriation is \$1,500,000 in fiscal year 2026 and each year thereafter.

Grant recipients must obtain a 50 percent nonstate match to grant money in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant money available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

Within one year of receiving grant money, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care openings, and the amount of cash and in-kind local money invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking members of the legislative committees with jurisdiction over early

learning and child care and economic development.

(o) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(p) \$3,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The base for this appropriation is \$1,000,000 in fiscal year 2026 and each year thereafter. The Minnesota Initiative Foundations must use grant money under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

(q) \$8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8748, money appropriated for the job creation fund may be used for redevelopment under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner.

(r) \$12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(s) \$4,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761.

The base for this appropriation is \$2,246,000 in fiscal year 2026 and each year thereafter. This appropriation is available until expended.

(t) \$1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Money available under this paragraph is for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(u) \$325,000 each year is for the Minnesota Film and TV Board. The appropriation each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(v) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(w) \$500,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027.

(x) \$4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended.

(y) \$1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(z) \$47,475,000 each year is for the PROMISE grant program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) \$475,000 each year is for administration of the PROMISE grant program;

(2) \$7,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota. Of this amount, \$600,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year; and

(3) \$39,500,000 each year is for grants to the Neighborhood Development Center. Of this amount, the following amounts are designated for the following areas:

(i) \$16,000,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods. Of this amount, \$1,000,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(ii) \$13,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year; and

(iii) \$10,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year.

(aa) \$15,150,000 each year is for the PROMISE loan program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) \$150,000 each year is for administration of the PROMISE loan program;

(2) \$3,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota; and

(3) \$12,000,000 each year is for grants to the Metropolitan Economic Development Association (MEDA). Of this amount, the following amounts are designated for the following areas:

(i) \$4,500,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods;

(ii) \$4,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors; and

(iii) \$3,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods.

(bb) \$1,500,000 each year is for a grant to the Metropolitan Consortium of Community Developers for the community wealth-building grant program pilot project. Of this amount, up to two percent is for administration and monitoring of the community wealth-building grant program pilot project. This is a onetime appropriation.

(cc) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(dd) \$5,000,000 the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of money, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization and for infrastructure design and planning, financial modeling,

development planning and coordination of both real estate and public private partnerships, and reimbursement of costs the Bloomington Port Authority incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions. If the project is not approved by the Bureau International des Expositions, the money shall transfer to the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ee) \$5,000,000 the first year is for a grant to the Neighborhood Development Center for small business programs, including training, lending, business services, and real estate programming; small business incubator development in the Twin Cities and outside the seven-county metropolitan area; and technical assistance activities for partners outside the seven-county metropolitan area; and for high-risk, character-based loan capital for nonrecourse loans. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ff) \$5,000,000 the first year is for transfer to the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926, and the remainder is for a grant

to the Local Initiatives Support Corporation - Twin Cities to serve as a partner organization under the program. This is a onetime appropriation.

(gg) \$5,000,000 the first year is for the Canadian border counties economic relief program under article 5. Of this amount, up to \$1,000,000 is for Tribal economic development and \$2,100,000 is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This is a onetime appropriation and is available until June 30, 2026.

(hh) \$1,000,000 each year is for a grant to African Economic Development Solutions. This is a onetime appropriation and is available until June 30, 2026. Of this amount:

(1) \$500,000 each year is for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community; and

(2) \$250,000 each year is for workforce development and technical assistance, including but not limited to business development, entrepreneur training, business technical assistance, loan packing, and community development services.

(ii) \$1,500,000 each year is for a grant to the Latino Economic Development Center. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$750,000 each year is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) \$750,000 each year is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up

readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(jj) \$627,000 the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of the amount appropriated, up to \$270,000 may be used for economic development project implementation in conjunction with the technical assistance received. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year.

(kk) \$2,000,000 the first year is for a grant to WomenVenture to:

(1) support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable; and

(2) support business expansion for women food entrepreneurs throughout Minnesota's food supply chain to help stabilize and strengthen their business operations, create distribution networks, offer technical

assistance and support to beginning women food entrepreneurs, develop business plans, develop a workforce, research expansion strategies, and for other related activities.

Eligible uses of the money include but are not limited to:

(i) leasehold improvements;

(ii) additions, alterations, remodeling, or renovations to rented space;

(iii) inventory or supplies;

(iv) machinery or equipment purchases;

(v) working capital; and

(vi) debt refinancing.

Money distributed to entrepreneurs may be loans, forgivable loans, and grants. Of this amount, up to five percent may be used for the WomenVenture's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

By December 15, 2026, WomenVenture must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and employment and economic development. The report must include a summary of the uses of the appropriation, including the amount of the appropriation used for administration. The report must also provide a breakdown of the amount of funding used for loans, forgivable loans, and grants; information about the terms of the loans issued; a discussion of how money from repaid loans will be used; the number of entrepreneurs assisted; and a breakdown of how many entrepreneurs received assistance in each county.

(II) \$2,000,000 the first year is for a grant to African Career, Education, and Resource,

Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(mm) \$5,000,000 the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) \$2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) \$364,000 is for loan loss reserves to support loan volume growth and attract additional capital;

(3) \$836,000 is for increasing organizational capacity;

(4) \$300,000 is for the safe 2 eat project of inclusive assistance with required restaurant licensing examinations; and

(5) \$700,000 is for a center for community resources for language and technology assistance for small businesses.

(nn) \$7,000,000 the first year is for grants to the Minnesota Initiative Foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of the amount appropriated:

(1) \$1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) \$1,000,000 is for a grant to the West Central Initiative Foundation;

(3) \$1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$2,000,000 is for a grant to the Initiative Foundation of which \$1,000,000 is for redevelopment of the St. Cloud Youth and Family Center; and

(6) \$1,000,000 is for a grant to the Northland Foundation.

(oo) \$500,000 each year is for a grant to Enterprise Minnesota, Inc., to reach and deliver talent, leadership, employee retention, continuous improvement, strategy, quality management systems, revenue growth, and manufacturing peer-to-peer advisory services to small manufacturing companies employing 35 or fewer full-time equivalent employees. This is a onetime appropriation. No later than February 1, 2025, and February 1, 2026, Enterprise Minnesota, Inc., must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development that includes:

(1) the grants awarded during the past 12 months;

(2) the estimated financial impact of the grants awarded to each company receiving services under the program;

(3) the actual financial impact of grants awarded during the past 24 months; and

(4) the total amount of federal funds leveraged from the Manufacturing Extension Partnership at the United States Department of Commerce.

(pp) \$375,000 each year is for a grant to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to five percent may be used for PFund Foundation's technical assistance and administrative costs. This is a onetime appropriation and is

available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(1) at least 33.3 percent to businesses owned by members of racial minority communities; and

(2) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(qq) \$125,000 each year is for a grant to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to five percent may be used for Quorum's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

(rr) \$5,000,000 the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) \$3,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

(2) \$2,000,000 is for operating support activities related to business development and assistance services for minority business enterprises.

By February 1, 2025, MEDA shall report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance on the loans

and operating support activities, including outcomes and expenditures, supported by the appropriation under this paragraph.

(ss) \$2,500,000 each year is for a grant to a Minnesota-based automotive component manufacturer and distributor specializing in electric vehicles and sensor technology that manufactures all of their parts onshore to expand their manufacturing. The grant recipient under this paragraph shall submit reports on the uses of the money appropriated, the number of jobs created due to the appropriation, wage information, and the city and state in which the additional manufacturing activity was located to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. An initial report shall be submitted by December 15, 2023, and a final report is due by December 15, 2025. This is a onetime appropriation.

(tt)(1) \$125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

(uu) \$175,000 the first year is for a grant to the city of South St. Paul for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(vv) \$250,000 the first year is for a grant to LatinoLEAD for organizational capacity-building.

(ww) \$80,000 the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover.

(xx)(1) \$3,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to five percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(yy) \$500,000 each year is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small business development and technical assistance, and cultural placemaking. This is a onetime appropriation.

(zz) \$500,000 each year is for a grant to Isuroon to support primarily African immigrant women with entrepreneurial training to start, manage, and grow self-sustaining microbusinesses, develop incubator space for these businesses, and provide support with financial and language literacy, systems navigation to eliminate capital access disparities, marketing, and

other technical assistance. This is a onetime appropriation.

**Subd. 3. Employment and Training Programs** 112,038,000 104,499,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>91,036,000</u>	<u>83,497,000</u>
<u>Workforce Development</u>	<u>21,002,000</u>	<u>21,002,000</u>

(a) \$500,000 each year from the general fund and \$500,000 each year from the workforce development fund are for rural career counseling coordinators in the workforce service areas and for the purposes specified under Minnesota Statutes, section 116L.667.

(b) \$25,000,000 each year is for the targeted population workforce grants under Minnesota Statutes, section 116L.43. The department may use up to five percent of this appropriation for administration, monitoring, and oversight of the program. Of this amount:

(1) \$18,500,000 each year is for job and entrepreneurial skills training grants under Minnesota Statutes, section 116L.43, subdivision 2;

(2) \$1,500,000 each year is for diversity and inclusion training for small employers under Minnesota Statutes, section 116L.43, subdivision 3; and

(3) \$5,000,000 each year is for capacity building grants under Minnesota Statutes, section 116L.43, subdivision 4.

The base for this appropriation is \$1,275,000 in fiscal year 2026 and each year thereafter.

(c) \$750,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program.

(d) \$10,000,000 each year is for the Drive for Five Initiative to conduct outreach and provide job skills training, career counseling, case management, and supportive services for careers in (1) technology, (2) labor, (3) the caring professions, (4) manufacturing, and (5) educational and professional services. This is a onetime appropriation.

(e) Of the amounts appropriated in paragraph (d), the commissioner must make \$7,000,000 each year available through a competitive request for proposal process. The grant awards must be used to provide education and training in the five industries identified in paragraph (d). Education and training may include:

(1) student tutoring and testing support services;

(2) training and employment placement in high wage and high growth employment;

(3) assistance in obtaining industry-specific certifications;

(4) remedial training leading to enrollment in employment training programs or services;

(5) real-time work experience;

(6) career and educational counseling;

(7) work experience and internships; and

(8) supportive services.

(f) Of the amount appropriated in paragraph (d), \$2,000,000 each year must be awarded through competitive grants made to trade associations or chambers of commerce for job placement services. Grant awards must be used to encourage workforce training efforts to ensure that efforts are aligned with employer demands and that graduates are connected with employers that are currently hiring. Trade associations or chambers must partner with employers with current or

anticipated employment opportunities and nonprofit workforce training partners participating in this program. The trade associations or chambers must work closely with the industry sector training providers in the five industries identified in paragraph (d). Grant awards may be used for:

(1) employer engagement strategies to align employment opportunities for individuals exiting workforce development training programs. These strategies may include business recruitment, job opening development, employee recruitment, and job matching. Trade associations must utilize the state's labor exchange system;

(2) diversity, inclusion, and retention training of their members to increase the business' understanding of welcoming and retaining a diverse workforce; and

(3) industry-specific training.

(g) Of the amount appropriated in paragraph (d), \$1,000,000 each year is to hire, train, and deploy business services representatives in local workforce development areas throughout the state. Business services representatives must work with an assigned local workforce development area to address the hiring needs of Minnesota's businesses by connecting job seekers and program participants in the CareerForce system. Business services representatives serve in the classified service of the state and operate as part of the agency's Employment and Training Office. The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of the business services representatives. The business services representatives must:

(1) serve as the primary contact for businesses in that area;

(2) actively engage employers by assisting with matching employers to job seekers by referring candidates, convening job fairs, and assisting with job announcements; and

(3) work with the local area board and its partners to identify candidates for openings in small and midsize companies in the local area.

(h) \$2,546,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.

(i) \$500,000 each year is from the workforce development fund for current Minnesota affiliates of OIC of America, Inc. This appropriation shall be divided equally among the eligible centers.

(j) \$1,000,000 each year is for competitive grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program.

(k) \$1,000,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to parents, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to five percent

is for administration and monitoring of the program.

(l) \$750,000 each year from the general fund and \$6,698,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The base for this appropriation is \$750,000 from the general fund and \$3,348,000 from the workforce development fund beginning in fiscal year 2026 and each year thereafter.

(m) \$1,093,000 each year is from the general fund and \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. The base for this appropriation is \$1,000,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(n) \$4,511,000 each year from the general fund and \$4,050,000 each year from the workforce development fund are for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561. The base for this appropriation is \$0 from the general fund and \$4,050,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(o) \$750,000 each year is for the Office of New Americans under Minnesota Statutes, section 116J.4231.

(p) \$1,000,000 each year from the workforce development fund is for a grant to the Minnesota Technology Association to support the SciTech internship program, a program that supports science, technology, engineering, and math (STEM) internship

opportunities for two- and four-year college students and graduate students in their fields of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 325 students must be matched each year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(q) \$750,000 each year is for grants to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and available until June 30, 2027. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(r) \$900,000 each year is for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. Of this amount, up to \$250,000 each year is for a grant to Avivo to provide resources and support services to survivors of sex trafficking and domestic abuse in the greater St. Cloud area as they search for employment. Program resources include but are not limited to costs for day care, transportation, housing, legal advice, procuring documents required for employment, interview clothing, technology, and Internet access. The program shall also include public outreach and corporate training components to communicate to the public and potential employers about the specific struggles faced by survivors as they

re-enter the workforce. This is a onetime appropriation.

(s) \$1,000,000 each year is for the getting to work grant program under Minnesota Statutes, section 116J.545. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(t) \$400,000 each year is for a grant to the nonprofit 30,000 Feet to fund youth apprenticeship jobs, wraparound services, after-school programming, and summer learning loss prevention efforts targeted at African American youth. This is a onetime appropriation.

(u) \$463,000 the first year is for a grant to the Boys and Girls Club of Central Minnesota. This is a onetime appropriation. Of this amount:

(1) \$313,000 is to fund one year of free full-service programming for a new program in Waite Park that will employ part-time youth development staff and provide community volunteer opportunities for people of all ages. Career exploration and life skills programming will be a significant dimension of programming at this new site; and

(2) \$150,000 is for planning and design for a new multiuse facility for the Boys and Girls Club of Waite Park and other community partners, including the Waite Park Police Department and the Whitney Senior Center.

(v) \$1,000,000 each year is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, must be designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience,

including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(w) \$1,000,000 the first year is for a grant to the Owatonna Area Chamber of Commerce Foundation for the Learn and Earn Initiative to help the Owatonna and Steele County region grow and retain a talented workforce. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$900,000 is to develop an advanced manufacturing career pathway program for youth and adult learners with shared learning spaces, state-of-the-art equipment, and instructional support to grow and retain talent in Owatonna; and

(2) \$100,000 is to create the Owatonna Opportunity scholarship model for the Learn and Earn Initiative for students and employers.

(x) \$250,000 each year from the workforce development fund is for a grant to the White Bear Center for the Arts for establishing a paid internship program for high school students to learn professional development skills through an arts perspective. This is a onetime appropriation.

(y) \$250,000 each year is for the Minnesota Family Resiliency Partnership under Minnesota Statutes, section 116L.96. The commissioner, through the adult career pathways program, shall distribute the money to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(z) \$600,000 each year is for a grant to East Side Neighborhood Services. This is a onetime appropriation of which:

(1) \$300,000 each year is for the senior community service employment program, which provides work readiness training to low-income adults ages 55 and older to provide ongoing support and mentoring services to the program participants as well as the transition period from subsidized wages to unsubsidized wages; and

(2) \$300,000 each year is for the nursing assistant plus program to serve the increased need for growth of medical talent pipelines through expansion of the existing program and development of in-house training.

The amounts specified in clauses (1) and (2) may also be used to enhance employment programming for youth and young adults, ages 14 to 24, to introduce them to work culture, develop essential work readiness skills, and make career plans through paid internship experiences and work readiness training.

(aa) \$1,500,000 each year from the workforce development fund is for a grant to Ujamaa Place to assist primarily African American men with job training, employment preparation, internships, education, vocational housing, and organizational capacity building. This is a onetime appropriation.

(bb) \$500,000 each year is for a grant to Comunidades Organizando el Poder y la Acción Latina (COPAL) for worker center programming that supports primarily low-income, migrant, and Latinx workers with career planning, workforce training and education, workers' rights advocacy, health resources and navigation, and wealth creation resources. This is a onetime appropriation.

(cc) \$2,000,000 each year is for a grant to Propel Nonprofits to provide capacity-building grants and related technical assistance to small, culturally specific organizations that primarily serve historically

underserved cultural communities. Propel Nonprofits may only award grants to nonprofit organizations that have an annual organizational budget of less than \$1,000,000. These grants may be used for:

(1) organizational infrastructure improvements, including developing database management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or

(3) creating or expanding partnerships with existing organizations that have specialized expertise in order to increase capacity of the grantee organization to improve services to the community.

Of this amount, up to five percent may be used by Propel Nonprofits for administrative costs. This is a onetime appropriation.

(dd) \$1,000,000 each year is for a grant to Goodwill Easter Seals Minnesota and its partners. The grant must be used to continue the FATHER Project in Rochester, St. Cloud, St. Paul, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally, including with community re-entry following confinement. This is a onetime appropriation.

(ee) \$250,000 the first year is for a grant to the ProStart and Hospitality Tourism Management Program for a well-established, proven, and successful education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in that industry.

(ff) \$450,000 each year is for grants to Minnesota Diversified Industries to provide inclusive employment opportunities and services for people with disabilities. This is a onetime appropriation.

(gg) \$1,000,000 the first year is for a grant to Minnesota Diversified Industries to assist individuals with disabilities through the unified work model by offering virtual and in-person career skills classes augmented with virtual reality tools. Minnesota Diversified Industries shall submit a report on the number and demographics of individuals served, hours of career skills programming delivered, outreach to employers, and recommendations for future career skills delivery methods to the chairs and ranking minority members of the legislative committees with jurisdiction over labor and workforce development policy and finance by January 15, 2026. This is a onetime appropriation and is available until June 30, 2025.

(hh) \$1,264,000 each year is for a grant to Summit Academy OIC to expand employment placement, GED preparation and administration, and STEM programming in the Twin Cities, Saint Cloud, and Bemidji. This is a onetime appropriation.

(ii) \$500,000 each year is for a grant to Minnesota Independence College and Community to provide employment preparation, job placement, job retention, and service coordination services to adults with autism and learning differences. This is a onetime appropriation.

(jj) \$1,000,000 the first year and \$2,000,000 the second year are for a clean economy equitable workforce grant program. Money must be used for grants to support partnership development, planning, and implementation of workforce readiness programs aimed at workers who are Black, Indigenous, and People of Color. Programs must include

workforce training, career development, workers' rights training, employment placement, and culturally appropriate job readiness and must prepare workers for careers in the high-demand fields of construction, clean energy, and energy efficiency. Grants must be given to nonprofit organizations that serve historically disenfranchised communities, including new Americans, with preference for organizations that are new providers of workforce programming or which have partnership agreements with registered apprenticeship programs. This is a onetime appropriation.

(kk) \$350,000 the first year and \$25,000 the second year are for a grant to the University of Minnesota Tourism Center for the creation and operation of an online hospitality training program in partnership with Explore Minnesota Tourism. This training program must be made available at no cost to Minnesota residents in an effort to address critical workforce shortages in the hospitality and tourism industries and assist in career development. The base for this appropriation is \$25,000 in fiscal year 2026 and each year thereafter for ongoing system maintenance, management, and content updates.

(ll) \$3,000,000 the first year is for competitive grants to support high school robotics teams and prepare youth for careers in STEM fields. Of this amount, \$2,000,000 is for creating internships for high school students to work at private companies in STEM fields, including the payment of student stipends. This is a onetime appropriation and is available until June 30, 2028.

(mm) \$750,000 each year is for grants to the nonprofit Sanneh Foundation to fund out-of-school summer programs focused on mentoring and behavioral, social, and emotional learning interventions and enrichment activities directed toward low-income students of color. This is a

onetime appropriation and available until June 30, 2026.

(nn) \$1,000,000 each year is for a grant to the Hmong American Partnership to expand job training and placement programs primarily serving the Southeast Asian community. This is a onetime appropriation.

(oo) \$1,000,000 each year is for a grant to Comunidades Latinas Unidas En Servicio (CLUES) to address employment, economic, and technology access disparities for low-income unemployed or underemployed individuals. Grant money must support short-term certifications and transferable skills in high-demand fields, workforce readiness, customized financial capability, and employment supports. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(pp) \$300,000 each year is for a grant to All Square. The grant must be used to support the operations of All Square's Fellowship and Prison to Law Pipeline programs which operate in Minneapolis, St. Paul, and surrounding correctional facilities to assist incarcerated and formerly incarcerated Minnesotans in overcoming employment barriers that prevent economic and emotional freedom. This is a onetime appropriation.

(qq) \$1,000,000 each year is for a grant to the Redemption Project to provide employment services to adults leaving incarceration, including recruiting, educating, training, and retaining employment mentors and partners. This is a onetime appropriation.

(rr) \$500,000 each year is for a grant to Greater Twin Cities United Way to make grants to partner organizations to provide workforce training using the career pathways model that helps students gain work experience, earn experience in high-demand

fields, and transition into family-sustaining careers. This is a onetime appropriation.

(ss) \$3,000,000 each year is for a grant to Community Action Partnership of Hennepin County. This is a onetime appropriation. Of this amount:

(1) \$1,500,000 each year is for grants to 21 Days of Peace for social equity building and community engagement activities; and

(2) \$1,500,000 each year is for grants to A Mother's Love for community outreach, empowerment training, and employment and career exploration services.

(tt) \$750,000 each year is for a grant to Mind the G.A.P.P. (Gaining Assistance to Prosperity Program) to improve the quality of life of unemployed and underemployed individuals by improving their employment outcomes and developing individual earnings potential. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(uu) \$550,000 each year is for a grant to the International Institute of Minnesota. Grant money must be used for workforce training for new Americans in industries in need of a trained workforce. This is a onetime appropriation.

(vv) \$400,000 each year from the workforce development fund is for a grant to Hired to expand their career pathway job training and placement program that connects lower-skilled job seekers to entry-level and gateway jobs in high-growth sectors. This is a onetime appropriation.

(ww) \$500,000 each year is for a grant to the American Indian Opportunities and Industrialization Center for workforce development programming, including reducing academic disparities for American

Indian students and adults. This is a onetime appropriation.

(xx) \$500,000 each year from the workforce development fund is for a grant to the Hmong Chamber of Commerce to train ethnically Southeast Asian business owners and operators in better business practices. Of this amount, up to \$5,000 may be used for administrative costs. This is a onetime appropriation.

(yy) \$275,000 each year is for a grant to Southeast Minnesota Workforce Development Area 8 and Workforce Development, Inc., to provide career planning, career pathway training and education, wraparound support services, and job skills advancement in high-demand careers to individuals with barriers to employment in Steele County, and to help families build secure pathways out of poverty and address worker shortages in the Owatonna and Steele County area, as well as supporting Employer Outreach Services that provide solutions to workforce challenges and direct connections to workforce programming. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Workforce Development, Inc.'s administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(zz) \$589,000 the first year and \$588,000 the second year are for grants to the Black Women's Wealth Alliance to provide low-income individuals with job skills training, career counseling, and job placement assistance. This is a onetime appropriation.

(aaa) \$250,000 each year is for a grant to Abijahs on the Backside to provide equine experiential mental health therapy to first responders suffering from job-related trauma and post-traumatic stress disorder. For purposes of this paragraph, a "first responder" is a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c); a full-time firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 5; or a volunteer firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 7.

Abijahs on the Backside must report to the commissioner of employment and economic development and the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy and finance on the equine experiential mental health therapy provided to first responders under this paragraph. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of first responders served by the program, and a list and explanation of the services provided to and benefits received by program participants. An initial report is due by January 15, 2024, and a final report is due by January 15, 2026. This is a onetime appropriation.

(bbb) \$500,000 each year is for a grant to Ramsey County to provide job training and workforce development for underserved communities. Grant money may be subgranted to Milestone Community Development for the Milestone Tech program. This is a onetime appropriation.

(ccc) \$500,000 each year is for a grant to Ramsey County for a technology training pathway program focused on intergenerational community tech work for residents who are at least 18 years old and no more than 24 years old and who live in a census tract that has a poverty rate of at least

20 percent as reported in the most recently completed decennial census published by the United States Bureau of the Census. Grant money may be used for program administration, training, training stipends, wages, and support services. This is a onetime appropriation.

(ddd) \$200,000 each year is for a grant to Project Restore Minnesota for the Social Kitchen project, a pathway program for careers in the culinary arts. This is a onetime appropriation and is available until June 30, 2027.

(eee) \$100,000 each year is for grants to the Minnesota Grocers Association Foundation for Carts to Careers, a statewide initiative to promote careers, conduct outreach, provide job skills training, and award scholarships for students pursuing careers in the food industry. This is a onetime appropriation.

(fff) \$1,200,000 each year is for a grant to Twin Cities R!SE. Of this amount, \$700,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to individuals facing barriers to employment; and \$500,000 each year is to increase the capacity of the Empowerment Institute through employer partnerships across Minnesota and expansion of the youth personal empowerment curriculum. This is a onetime appropriation and available until June 30, 2026.

(ggg) \$750,000 each year is for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Grants may be used for program expenses,

including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant money may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation.

(hhh) \$500,000 each year is for a grant to Big Brothers Big Sisters of the Greater Twin Cities to provide disadvantaged youth ages 12 to 21 with job-seeking skills, connections to job training and education opportunities, and mentorship while exploring careers. The grant shall serve youth in the Big Brothers Big Sisters chapters in the Twin Cities, central Minnesota, and southern Minnesota. This is a onetime appropriation.

(iii) \$3,000,000 each year is for a grant to Youthprise to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated African populations statewide. Of these amounts, 50 percent is for subgrants to Ka Joog and 50 percent is for competitive subgrants to community organizations. This is a onetime appropriation.

(jii) \$350,000 each year is for a grant to the YWCA Minneapolis to provide training to eligible individuals, including job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early education. This is a onetime appropriation.

(kkk) \$500,000 each year is for a grant to Emerge Community Development to support and reinforce critical workforce training at the Emerge Career and Technical Center, Cedar Riverside Opportunity Center, and Emerge Second Chance programs in the city

of Minneapolis. This is a onetime appropriation.

(lll) \$425,000 each year is for a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. This is a onetime appropriation.

Better Futures Minnesota shall annually report to the commissioner on how the money was spent and what results were achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and job skills training provided to program participants.

(mmm) \$500,000 each year is for a grant to Pillsbury United Communities to provide job training and workforce development services for underserved communities. This is a onetime appropriation.

(nnn) \$500,000 each year is for a grant to Project for Pride in Living for job training and workforce development services for underserved communities. This is a onetime appropriation.

(ooo) \$300,000 each year is for a grant to YMCA of the North to provide career exploration, job training, and workforce development services for underserved youth and young adults. This is a onetime appropriation.

(ppp) \$500,000 each year is for a grant to Al Maa'uun, formerly the North at Work program, for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment. This is a onetime appropriation.

(qqq) \$500,000 each year is for a grant to CAIRO to provide workforce development services in health care, technology, and transportation (CDL) industries. This is a onetime appropriation.

(rrr) \$500,000 each year is for a grant to the Central Minnesota Community Empowerment Organization for providing services to relieve economic disparities in the African immigrant community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(sss) \$270,000 each year is for a grant to the Stairstep Foundation for community-based workforce development efforts. This is a onetime appropriation.

(ttt) \$400,000 each year is for a grant to Building Strong Communities, Inc, for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. This is a onetime appropriation.

(uuu) \$150,000 each year is for prevailing wage staff under Minnesota Statutes, section 116J.871, subdivision 2.

(vvv) \$250,000 each year is for the purpose of awarding a grant to Minnesota Community of African People with Disabilities (MNCAPD), Roots Connect, and Fortune Relief and Youth Empowerment Organization (FRAYEO). This is a onetime appropriation. MNCAPD, Roots Connect, and FRAYEO must use grant proceeds to provide funding for workforce development activities for at-risk youth from low-income families and unengaged young adults experiencing disabilities, including:

(1) job readiness training for at-risk youth, including resume building, interview skills, and job search strategies;

(2) on-the-job training opportunities with local businesses;

(3) support services such as transportation assistance and child care to help youth attend job training programs; and

(4) mentorship and networking opportunities to connect youth with professionals in the youth's desired fields.

(www)(1) \$250,000 each year is for a grant to Greater Rochester Advocates for Universities and Colleges (GRAUC), a collaborative organization representing health care, business, workforce development, and higher education institutions, for expenses relating to starting up a state-of-the-art simulation center for training health care workers in southeast Minnesota. Once established, this center must be self-sustaining through user fees. Eligible expenses include leasing costs, developing and providing training, and operational costs. This is a onetime appropriation.

(2) By January 15, 2025, GRAUC must submit a report, including an independent financial audit of the use of grant money, to the chairs and ranking minority members of the legislative committees having jurisdiction over higher education and economic development. This report must include details on the training provided at the simulation center, including the names of all organizations that use the center for training, the number of individuals each organization trained, and the type of training provided.

(xxx)(1) \$350,000 each year is for a grant to the Minnesota Association of Black Lawyers for a pilot program supporting black undergraduate students pursuing admission

to law school. This is a onetime appropriation.

(2) The program must:

(i) enroll an initial cohort of ten to 20 black Minnesota resident students attending a baccalaureate degree-granting postsecondary institution in Minnesota full time;

(ii) support each of the program's students with an academic scholarship in the amount of \$4,000 per academic year;

(iii) organize events and programming, including but not limited to one-on-one mentoring, to familiarize enrolled students with law school and legal careers; and

(iv) provide the program's students free test preparation materials, academic support, and registration for the Law School Admission Test (LSAT) examination.

(3) The Minnesota Association of Black Lawyers may use grant funds under clause (1) for costs related to:

(i) student scholarships;

(ii) academic events and programming, including food and transportation costs for students;

(iii) LSAT preparation materials, courses, and registrations; and

(iv) hiring staff for the program.

(4) By January 30, 2024, and again by January 30, 2025, the Minnesota Association of Black Lawyers must submit a report to the commissioner and to the chairs and ranking minority members of legislative committees with jurisdiction over workforce development finance and policy and higher education finance and policy. The report must include an accurate and detailed account of the pilot program, its outcomes, and its revenues and

expenses, including the use of all state funds appropriated in clause (1).

(yyy) \$2,000,000 the first year is for a grant to the Power of People Leadership Institute (POPLI) to expand pre- and post-release personal development and leadership training and community reintegration services, to reduce recidivism, and increase access to employment. This is a onetime appropriation and is available until June 30, 2025.

(zzz) \$500,000 the first year is to the Legislative Coordinating Commission for the Working Group on Youth Interventions. This is a onetime appropriation.

**Subd. 4. General Support Services** 18,045,000 8,045,000

<u>Appropriations by Fund</u>		
	<u>2024</u>	<u>2025</u>
<u>General Fund</u>	<u>17,950,000</u>	<u>7,950,000</u>
<u>Workforce Development</u>	<u>95,000</u>	<u>95,000</u>

(a) \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

(b) \$10,000,000 the first year is for the workforce digital transformation projects. This appropriation is onetime and is available until June 30, 2027.

**Subd. 5. Minnesota Trade Office** \$2,242,000 \$2,242,000

(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota marketing initiative under Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

**Subd. 6. Vocational Rehabilitation** 45,691,000 45,691,000

	<u>Appropriations by Fund</u>	
	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>37,861,000</u>	<u>37,861,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

(a) \$14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$11,495,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the amounts appropriated from the general fund, \$4,500,000 each year is for maintaining prior rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(c) \$5,055,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. The base for this appropriation is \$2,555,000 in fiscal year 2026 and each year thereafter.

(d) \$7,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11. This appropriation is available until June 30, 2027. The base for this appropriation is \$3,011,000 in fiscal year 2026 and each year thereafter.

(e) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-age youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

Subd. 7. Services for the Blind

10,425,000

10,425,000

(a) \$500,000 each year is for senior citizens who are becoming blind. At least one-half of the money for this purpose must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.

(b) \$2,000,000 each year is for the employer reasonable accommodation fund. This is a onetime appropriation.

Sec. 3. **EXPLORE MINNESOTA TOURISM**                    **\$**                    **40,954,000** **\$**                    **21,369,000**

(a) \$500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each \$1 of state incentive must be matched with \$6 of private sector money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota Tourism under Minnesota Statutes, section 116U.05. The incentive in fiscal year 2024 is based on fiscal year 2023 private sector contributions. The incentive in fiscal year 2025 is based on fiscal year 2024 private sector contributions. This incentive is ongoing.

(b) \$11,000,000 the first year is for the development of Explore Minnesota for Business under Minnesota Statutes, section 116U.07, to market the overall livability and economic opportunities of Minnesota. This is a onetime appropriation.

(c) \$5,500,000 each year is for the development of new initiatives for Explore Minnesota Tourism. If the amount in the first year is insufficient, the amount in the second year is available in the first year. This is a onetime appropriation.

(d) \$6,047,000 the first year and \$600,000 the second year is for grants for infrastructure and associated costs for cultural festivals and

events, including but not limited to buildout, permits, sanitation and maintenance services, transportation, staffing, event programming, public safety, facilities and equipment rentals, signage, and insurance. This is a onetime appropriation. Of this amount:

(1) \$1,847,000 the first year is for a grant to the Minneapolis Downtown Council for the Taste of Minnesota event;

(2) \$1,200,000 the first year is for a grant to the Stairstep Foundation for African American cultural festivals and events;

(3) \$1,200,000 the first year is for grants for Somali community and cultural festivals and events, including festivals and events in greater Minnesota, as follows:

(i) \$400,000 is for a grant to Ka Joog;

(ii) \$400,000 is for a grant to the Somali Museum of Minnesota; and

(iii) \$400,000 is for a grant to ESHARA;

(4) \$1,200,000 the first year is for a grant to West Side Boosters for Latino cultural festivals and events; and

(5) \$600,000 the first year and \$600,000 the second year are for grants to the United Hmong Family, Inc. for the Hmong International Freedom Festival event.

(e) Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

(f) The base for Explore Minnesota is \$17,023,000 from the general fund in fiscal year 2026 and each year thereafter.

Sec. 4. Laws 2021, First Special Session chapter 4, article 2, section 2, subdivision 1, is amended to read:

**Subdivision 1. Clean Energy Career Training Pilot Project**

\$2,500,000 the first year is for a grant to Northgate Development, LLC, for a pilot project under article 8, section 30, to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities. Any unexpended funds remaining at the end of ~~the biennium~~ fiscal year 2024 cancel to the renewable development account. This is a onetime appropriation and is available until June 30, 2024.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2021.

## ARTICLE 21

### MINNESOTA FORWARD

#### Section 1. [116J.8752] MINNESOTA FORWARD FUND.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include but is not limited to the specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of capital investment and employment goals.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other business entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees are or will be employed, equipment and machinery in the building, and operating expenses related to the building.

(e) "Commissioner" means the commissioner of employment and economic development.

(f) "Fund" means the Minnesota forward fund account.

Subd. 2. **Purpose.** The Minnesota forward fund account is created to increase the state's competitiveness by providing the state the authority and flexibility to facilitate private investment. The fund serves as a closing fund to allow the authority and flexibility to negotiate incentives to better compete with other states for business retention, expansion and attraction of projects in existing and new industries, develop properties for business use, and leverage to meet matching requirements of federal funding for resiliency in economic security and economic enhancement opportunities that provide the public high-quality employment opportunities.

Subd. 3. **Minnesota forward fund account.** (a) The Minnesota forward fund account is created as a separate account in the treasury. Except as otherwise appropriated in law, money in the account is appropriated to the commissioner of employment and economic development for the purposes of this section. All money earned by the account, loan repayments of principal, and interest must be credited to the account and remain available until expended.

(b) The commissioner shall use the fund to:

(1) create and retain permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection;

(2) stimulate or leverage private investment to ensure economic renewal and competitiveness;

(3) increase the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;

(4) improve the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

(5) improve employment and economic opportunity for residents in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons;

(6) stimulate productivity growth through improved manufacturing or new technologies; and

(7) match or leverage private or public funding to increase investment and opportunity in the state.

Subd. 4. **Use of fund.** (a) The commissioner may use money in the Minnesota forward fund account to make grants and loans to businesses that are making large private capital investments in existing and new industries. The commissioner may also use money in the fund to make grants to communities and higher education institutions to support such capital investments and related activities to support the industries. Money may be used to address capital needs of businesses for machinery and equipment purchases; building construction and remodeling; land development; water and sewer lines, roads, rail lines, and natural gas and electric infrastructure; working capital. Money in the fund may also be used for administration and monitoring of the program and to pay for the costs of carrying out the commissioner's due diligence duties under this section.

(b) The commissioner may use money in the fund to make grants to a municipality or local unit of government for public and private infrastructure needed to support an eligible project under this section. Grant money may be used by the municipality or local unit of government to predesign, design, construct, and equip roads and rail lines; acquire and prepare land for development; and, in cooperation with municipal utilities, to predesign, design, construct, and equip natural gas pipelines, electric infrastructure, water supply systems, and wastewater collection and treatment systems. The maximum grant award per local unit of government under this section is \$7,500,000 or no more than 50 percent of the total infrastructure project.

Subd. 5. **Grant limits.** Individual business expansion projects are limited to no more than \$15,000,000 in grants or loans combined. The commissioner shall not be precluded from using other

funding sources from the Department of Employment and Economic Development to facilitate a project. Total funding per business under this section shall not exceed \$15,000,000, of which no more than \$10,000,000 may be grants. Grants under this subdivision are available until expended.

Subd. 6. **Administration.** (a) Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. Institutions of higher education also constitute eligible applicants for the purpose of developing and deploying workforce training programs and for developing and deploying research and development partnerships for projects eligible under this section.

(b) The business, municipality, or local unit of government must request and submit an application to the commissioner. Applications must be in the form and procedure specified by the commissioner.

(c) The commissioner must conduct due diligence, including contracting with professionals as needed to assist in the due diligence.

(d) Notwithstanding any other law to the contrary, grant and loan agreements through the Minnesota forward fund account may exceed five years but not more than ten years.

Subd. 7. **Requirements for fund disbursements.** Disbursements of loan funds pursuant to a commitment may not be made until:

(1) commitments for the remainder of a project's funding are made that are satisfactory to the commissioner and disbursements made from the other commitments are sufficient to protect the interests of the state in its grant or loan;

(2) performance requirements are met, if any;

(3) the municipality or local unit of government in which the project will be located has passed a resolution of support for the project and submitted this resolution of support to the department; and

(4) all of a project's funding is satisfactory to the commissioner and disbursements made from other commitments are sufficient to protect the interests of the state.

Subd. 8. **Report.** The municipality, local unit of government, or business must report to the commissioner on the business performance using the forms developed by the commissioner.

Subd. 9. **Reporting.** The commissioner shall provide the Legislative Advisory Commission and the ranking members of the committees with jurisdiction over economic development with an annual report on all projects that have been approved by February 15 of each year until this section is repealed or the funding has been exhausted.

## Sec. 2. **[216C.441] MINNESOTA CLIMATE INNOVATION FINANCE AUTHORITY.**

Subdivision 1. **Establishment; purpose.** (a) There is created a public body corporate and politic to be known as the "Minnesota Climate Innovation Finance Authority," whose purpose is to accelerate the deployment of clean energy projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic deployment of public funds in the form of grants, loans,

credit enhancements, and other financing mechanisms in order to leverage existing public and private sources of capital to reduce the upfront and total cost of qualified projects and to overcome financial barriers to project adoption, especially in low-income communities.

(b) The goals of the authority include but are not limited to:

(1) reducing Minnesota's contributions to climate change by accelerating the deployment of clean energy projects;

(2) ensuring that all Minnesotans share the benefits of clean and renewable energy and the opportunity to fully participate in the clean energy economy by promoting:

(i) the creation of clean energy jobs for Minnesota workers, particularly in environmental justice communities and communities in which fossil fuel electric generating plants are retiring; and

(ii) the principles of environmental justice in the authority's operations and funding decisions; and

(3) maintaining energy reliability while reducing the economic burden of energy costs, especially on low-income households.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Climate Innovation Finance Authority.

(c) "Board" means the Minnesota Climate Innovation Finance Authority's board of directors established in subdivision 10.

(d) "Clean energy project" has the meaning given to "qualified project" in paragraph (n), clauses (1) to (7).

(e) "Community navigator" means an organization that works to facilitate access to clean energy project financing by individuals and community groups.

(f) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans and other investments made by financing entities, including a pool for multistate projects provided that benefits to Minnesota outweigh any contribution from the authority at least two to one. Credit enhancement includes but is not limited to loan loss reserves and loan guarantees.

(g) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(h) "Environmental justice" means that:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice community or the public health of an environmental justice community's residents, due consideration is given to the history of the area's and the area's residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of the area's residents to additional exposure to pollutants.

(i) "Environmental justice community" means a community in Minnesota that:

(1) is defined as a disadvantaged community by the federal source of funding accessed by the authority under this act; or

(2) based on the most recent data published by the United States Census Bureau, meets one or more of the following criteria:

(i) 40 percent or more of the community's total population is nonwhite;

(ii) 35 percent or more of households in the community have an income that is at or below 200 percent of the federal poverty level;

(iii) 40 percent or more of the community's residents over the age of five have limited English proficiency; or

(iv) the community is located within Indian country, as defined in United States Code, title 18, section 1151.

(j) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources.

(k) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed-upon percentage of loans originated by the private lender.

(l) "Microgrid system" means an electrical grid that:

(1) serves a discrete geographical area from distributed energy resources; and

(2) can operate independently from the central electric grid on a temporary basis.

(m) "Project labor agreement" means a prehire collective bargaining agreement with a council of building and construction trades labor organizations (1) prohibiting strikes, lockouts, and similar disruptions, and (2) providing for a binding procedure to resolve labor disputes on the project.

(n) "Qualified project" means a project, technology, product, service, or measure promoting energy efficiency, clean energy, electrification, or water conservation and quality that:

(1) substantially reduces greenhouse gas emissions;

(2) reduces energy use without diminishing the level of service;

(3) increases the deployment of renewable energy projects, energy storage systems, district heating, smart grid technologies, or microgrid systems;

(4) replaces existing fossil-fuel-based technology with an end-use electric technology;

(5) supports the development and deployment of electric vehicle charging stations and associated infrastructure, electric buses, and electric fleet vehicles;

(6) reduces water use or protects, restores, or preserves the quality of surface waters; or

(7) incentivizes customers to shift demand in response to changes in the price of electricity or when system reliability is not jeopardized.

(o) "Renewable energy" has the meaning given in section 216B.1691, subdivision 1, paragraph (c), clauses (1), (2), and (4), and includes fuel cells generated from renewable energy.

(p) "Securitization" means the conversion of an asset composed of individual loans into marketable securities.

(q) "Smart grid" means a digital technology that:

(1) allows for two-way communication between a utility and the utility's customers; and

(2) enables the utility to control power flow and load in real time.

Subd. 3. **General powers.** (a) For the purpose of exercising the specific powers granted in this section, the authority has the general powers granted in this subdivision.

(b) The authority may:

(1) hire an executive director and staff to conduct the authority's operations;

(2) sue and be sued;

(3) have a seal and alter the seal;

(4) acquire, hold, lease, manage, and dispose of real or personal property for the authority's corporate purposes;

(5) enter into agreements, including cooperative financing agreements, contracts, or other transactions, with a Tribal government, any federal or state agency, county, local unit of government, regional development commission, person, domestic or foreign partnership, corporation, association, or organization;

(6) acquire by purchase real property, or an interest therein, in the authority's own name where acquisition is necessary or appropriate;

(7) provide general technical and consultative services related to the authority's purpose;

(8) promote research and development in matters related to the authority's purpose;

(9) conduct market analysis to determine where the market is underserved;

(10) analyze greenhouse gas emissions reduction project financing needs in the state and recommend measures to alleviate any shortage of financing capacity;

(11) contract with any governmental or private agency or organization, legal counsel, financial advisor, investment banker, or others to assist in the exercise of the authority's powers;

(12) enter into agreements with qualified lenders or others insuring or guaranteeing to the state the payment of qualified loans or other financing instruments; and

(13) accept on behalf of the state any gift, grant, or interest in money or personal property tendered to the state for any purpose pertaining to the authority's activities.

Subd. 4. **Authority duties.** (a) The authority must:

(1) serve as a financial resource to reduce the upfront and total costs of implementing qualified projects;

(2) ensure that all financed projects reduce greenhouse gas emissions;

(3) ensure that financing terms and conditions offered are well-suited to qualified projects;

(4) strategically prioritize the use of the authority's funds to leverage private investment in qualified projects, with the aim of achieving a high ratio of private to public money invested through funding mechanisms that support, enhance, and complement private lending and investment;

(5) coordinate with existing federal, state, local, utility, and other programs to ensure that the authority's resources are being used most effectively to add to and complement those programs;

(6) stimulate demand for qualified projects by:

(i) contracting with the department to provide, including through subcontracts with community navigators, information to project participants about federal, state, local, utility, and other authority financial assistance for qualifying projects, and technical information on energy conservation and renewable energy measures;

(ii) forming partnerships with contractors and informing contractors about the authority's financing programs;

(iii) developing innovative marketing strategies to stimulate project owner interest, especially in underserved communities; and

(iv) incentivizing financing entities to increase activity in underserved markets;

(7) finance projects in all regions of the state;

(8) develop participant eligibility standards and other terms and conditions for financial support provided by the authority;

(9) develop and administer:

(i) policies to collect reasonable fees for authority services; and

(ii) risk management activities to support ongoing authority activities;

(10) develop consumer protection standards governing the authority's investments to ensure that financial support is provided responsibly and transparently and is in the financial interest of participating project owners;

(11) develop methods to accurately measure the impact of the authority's activities, particularly on low-income communities and on greenhouse gas emissions reductions;

(12) hire an executive director and sufficient staff with the appropriate skills and qualifications to carry out the authority's programs, making an affirmative effort to recruit and hire a director and staff who are from, or share the interests of, the communities the authority must serve;

(13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas Reduction Fund grants authorized by the federal Clean Air Act, United States Code, title 42, section 7434, paragraph (a), clauses (1), (2), and (3). Until the Climate Innovation Finance Authority is established, the commissioner shall apply for and receive funding through Public Law 117-169 in order to leverage state investment, on behalf of the authority. To the extent practicable, applications for these funds by or on behalf of the authority should be made in coordination with other Minnesota applicants;

(14) acting under its powers as a state energy financing institution under United States Code, title 42, section 16511, collaborate with the United States Department of Energy Loan Programs Office to ensure that authorities made available under the Inflation Reduction Act of 2022, Public Law 117-169, maximally benefit Minnesotans. Until the Climate Innovation Finance Authority is established, the commissioner may engage with the United States Department of Energy Loan Programs Office on behalf of the authority; and

(15) ensure that authority contracts with all third-party administrators, contractors, and subcontractors contain required covenants, representations, and warranties specifying that contracted third parties are agents of the authority and that all acts of contracted third parties are considered acts of the authority, provided that the act is within the contracted scope of work.

(b) The authority may:

(1) employ credit enhancement mechanisms that reduce financial risk for financing entities by providing assurance that a limited portion of a loan or other financial instrument is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism;

(2) co-invest in a qualified project by providing senior or subordinated debt, equity, or other mechanisms in conjunction with other investment, co-lending, or financing;

(3) aggregate small and geographically dispersed qualified projects in order to diversify risk or secure additional private investment through securitization or similar resale of the authority's interest in a completed qualified project;

(4) expend up to 25 percent of funds appropriated to the authority for start-up purposes, which may be used for financing programs and project investments authorized under this section, prior to

adoption of the strategic plan required under subdivision 7 and the investment strategy under subdivision 8; and

(5) require a specific project to agree to implement a project labor agreement as a condition of receiving financing from the authority.

Subd. 5. **Limitations.** The authority must not provide loans to a single entity in an amount less than \$250,000.

Subd. 6. **Authority lending practices; labor and consumer protection standards.** (a) In determining the projects in which the authority will participate, the authority must give preference to projects that:

(1) maximize the creation of high-quality employment and apprenticeship opportunities for local workers, consistent with the public interest, especially workers from environmental justice communities, labor organizations, and Minnesota communities hosting retired or retiring electric generation facilities, including workers previously employed at retiring facilities;

(2) utilize energy technologies produced domestically that received an advanced manufacturing tax credit under section 45X of the Internal Revenue Code, as allowed under the federal Inflation Reduction Act of 2022, Public Law 117-169;

(3) certify, for all contractors and subcontractors, that the rights of workers to organize and unionize are recognized; and

(4) agree to implement a project labor agreement.

(b) The authority must require, for all projects for which the authority provides financing, that:

(1) if the budget is \$100,000 or more, all contractors and subcontractors:

(i) must pay no less than the prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) are subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.43, and 177.45, including the posting of prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay for all trades on the project in at least one conspicuous location at the project site;

(2) financing is not offered without first ensuring that the participants meet the authority's underwriting criteria; and

(3) any loan made to a homeowner for a project on the homeowner's residence complies with section 47.59 and the following federal laws:

(i) the Truth in Lending Act, United States Code, title 15, section 1601 et seq.;

(ii) the Fair Credit Reporting Act, United States Code, title 15, section 1681;

(iii) the Equal Credit Opportunity Act, United States Code, title 15, section 1691 et seq.; and

(iv) the Fair Debt Collection Practices Act, United States Code, title 15, section 1692.

(c) The authority and any third-party administrator, contractor, subcontractor, or agent that conducts lending, financing, investment, marketing, administration, servicing, or installation of measures in connection with a qualified project financed in whole or in part with authority funds is subject to sections 325D.43 to 325D.48; 325F.67 to 325F.71; 325G.06 to 325G.14; 325G.29 to 325G.37; and 332.37.

(d) For the purposes of this section, "local workers" means Minnesota residents who permanently reside within 150 miles of the location of a proposed project in which the authority is considering to participate.

Subd. 7. **Strategic plan.** (a) By December 15, 2024, and each December 15 in even-numbered years thereafter, the authority must develop and adopt a strategic plan that prioritizes the authority's activities over the next two years. A strategic plan must:

(1) identify targeted underserved markets for qualified projects in Minnesota;

(2) develop specific programs to overcome market impediments through access to authority financing and technical assistance; and

(3) develop outreach and marketing strategies designed to make potential project developers, participants, and communities aware of financing and technical assistance available from the authority, including the deployment of community navigators.

(b) Elements of the strategic plan must be informed by the authority's analysis of the market for qualified projects, and by the authority's experience under the previous strategic plan, including the degree to which performance targets were or were not achieved by each financing program. In addition, the authority must actively seek input regarding activities that should be included in the strategic plan from stakeholders, environmental justice communities, the general public, and participants, including via meetings required under subdivision 9.

(c) The authority must establish annual targets in a strategic plan for each financing program regarding the number of projects, level of authority investments, greenhouse gas emissions reductions, and installed generating capacity or energy savings the authority hopes to achieve, including separate targets for authority activities undertaken in environmental justice communities.

(d) The authority's targets and strategies must be designed to ensure that no less than 40 percent of the direct benefits of authority activities flow to environmental justice communities as defined under subdivision 2, by the United States Department of Energy, or as modified by the department.

Subd. 8. **Investment strategy; content; process.** (a) No later than December 15, 2024, and every four years thereafter, the authority must adopt a long-term investment strategy to ensure the authority's paramount goal to reduce greenhouse gas emissions is reflected in all of the authority's operations. The investment strategy must address:

(1) the types of qualified projects the authority should focus on;

(2) gaps in current qualified project financing that present the greatest opportunities for successful action by the authority;

(3) how the authority can best position itself to maximize its impact without displacing, subsidizing, or assuming risk that should be shared with financing entities;

(4) financing tools that will be most effective in achieving the authority's goals;

(5) partnerships the authority should establish with other organizations to increase the likelihood of success; and

(6) how values of equity, environmental justice, and geographic balance can be integrated into all investment operations of the authority.

(b) In developing an investment strategy, the authority must consult, at a minimum, with similar organizations in other states, lending authorities, state agencies, utilities, environmental and energy policy nonprofits, labor organizations, and other organizations that can provide valuable advice on the authority's activities.

(c) The long-term investment strategy must contain provisions ensuring that:

(1) authority investments are not made solely to reduce private risk; and

(2) private financing entities do not unilaterally control the terms of investments to which the authority is a party.

(d) The board must submit a draft long-term investment strategy for comment to each of the groups and individuals the board consults under paragraph (b) and to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy finance and policy, and must post the draft strategy on the authority's website. The authority must accept written comments on the draft strategy for at least 30 days and must consider the comments in preparing the final long-term investment strategy.

**Subd. 9. Public communications and outreach.** The authority must:

(1) maintain a public website that provides information about the authority's operations, current financing programs, and practices, including rates, terms, and conditions; the number and amount of investments by project type; the number of jobs created; the financing application process; and other information;

(2) periodically issue an electronic newsletter to stakeholders and the public containing information on the authority's products, programs, and services and key authority events and decisions; and

(3) hold quarterly meetings accessible online to update the general public on the authority's activities, report progress being made in regard to the authority's strategic plan and long-term investment strategy, and invite audience questions regarding authority programs.

**Subd. 10. Board of directors.** (a) The Minnesota Climate Innovation Finance Authority Board of Directors shall consist of the following 13 members:

- (1) the commissioner of commerce, or the commissioner's designee;
- (2) the commissioner of labor and industry, or the commissioner's designee;
- (3) the commissioner of the Minnesota Pollution Control Agency, or the commissioner's designee;
- (4) the commissioner of employment and economic development, or the commissioner's designee;
- (5) the commissioner of the Minnesota Housing Finance Agency, or the commissioner's designee;
- (6) the chair of the Minnesota Indian Affairs Council, or the chair's designee; and
- (7) seven additional members appointed by the governor, as follows:
  - (i) one member representing either a municipal electric utility or a cooperative electric association;
  - (ii) one member, appointed after the governor consults with labor organizations in the state, must be a representative of a labor union with experience working on clean energy projects;
  - (iii) one member with expertise in the impact of climate change on Minnesota communities, particularly low-income communities;
  - (iv) one member with expertise in financing projects at a community bank, credit union, community development institution, or local government;
  - (v) one member with expertise in sustainable development and energy conservation;
  - (vi) one member with expertise in environmental justice; and
  - (vii) one member with expertise in investment fund management or financing and deploying clean energy technologies.
- (b) At least two members appointed to the board must permanently reside outside the metropolitan area, as defined in section 473.121, subdivision 2. The board must collectively reflect the geographic and ethnic diversity of the state.
- (c) Board members appointed under paragraph (a), clause (6), shall serve a term of four years, except that the initial appointments made under clause (6), items (i) to (iii), shall be for two-year terms, and the initial appointments made under clause (6), items (iv) to (vi), shall be for three-year terms.
- (d) Members appointed to the board must:
  - (1) provide evidence of a commitment to the authority's purposes and goals; and
  - (2) not hold any personal or professional conflicts of interest related to the authority's activities, including with respect to the member's financial investments and employment or the financial investments and employment of the member's immediate family members.
- (e) The governor must make the appointments required under this section no later than October 1, 2023.

(f) The initial meeting of the board of directors must be held no later than November 17, 2023. At the initial meeting, the board shall elect a chair and vice-chair by majority vote of the members present.

(g) The authority shall contract with the department to provide administrative and technical services to the board and to prospective borrowers, especially those serving or located in environmental justice communities.

(h) Compensation of board members, removal of members, and filling of vacancies are governed by section 15.0575.

(i) Board members may be reappointed for up to two full terms.

(j) A majority of board members, excluding vacancies, constitutes a quorum for the purpose of conducting business and exercising powers, and for all other purposes. Action may be taken by the authority upon a vote of a majority of the quorum present.

(k) Board members and officers are not personally liable, either jointly or severally, for any debt or obligation created or incurred by the authority.

Subd. 11. **Account established.** (a) The Minnesota climate innovation authority account is established as a separate account in the special revenue fund in the state treasury. The authority's board of directors shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The authority's board of directors shall manage the account.

(b) Money in the account is appropriated to the board of directors of the Minnesota Climate Innovation Finance Authority for the purposes of this section and to reimburse the reasonable costs of the authority to administer this section.

Subd. 12. **Report; audit.** Beginning February 1, 2024, the authority must annually submit a comprehensive report on the authority's activities during the previous year to the governor and the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

(1) the amount of authority capital invested, by project type;

(2) the amount of private and public capital leveraged by authority investments, by project type;

(3) the number of qualified projects supported, by project type and location within Minnesota, including in environmental justice communities;

(4) the estimated number of jobs created for local workers and nonlocal workers, the ratio of projects subject to and exempt from prevailing wage requirements under subdivision 6, paragraph (b), and tax revenue generated as a result of the authority's activities;

(5) estimated reductions in greenhouse gas emissions resulting from the authority's activities;

(6) the number of clean energy projects financed in low- and moderate-income households;

(7) a narrative describing the progress made toward the authority's equity, social, and labor standards goals; and

(8) a financial audit conducted by an independent party.

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

Sec. 3. Laws 2023, chapter 24, section 2, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Competitive funds" means federal funds awarded to selected applicants based on the grantor's evaluation of the strength of an application measured against all other applications.

(c) "Disadvantaged community" has the meaning given by the federal agency disbursing federal funds.

(d) "Eligible entity" means an entity located in Minnesota that is eligible to receive federal funds, tax credits, loans, or an entity that has at least one Minnesota-based partner, as determined by the grantor of the federal funds, tax credits, or loans.

(e) "Federal funds" means federal formula or competitive funds available for award to applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

(f) "Loans" means federal loans from loan funds authorized or funded in the Inflation Reduction Act of 2022, Public Law 117-169.

(g) "Tax credits" means federal tax credits authorized in the Inflation Reduction Act of 2022, Public Law 117-169.

~~(h)~~ (h) "Formula funds" means federal funds awarded to all eligible applicants on a noncompetitive basis.

~~(i)~~ (i) "Match" means the amount of state money a successful grantee in Minnesota is required to contribute to a project as a condition of receiving federal funds.

~~(j)~~ (j) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

~~(k)~~ (k) "Project" means the activities proposed to be undertaken by an eligible entity awarded federal funds and are located in Minnesota or will directly benefit Minnesotans.

~~(l)~~ (l) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

Sec. 4. Laws 2023, chapter 24, section 2, subdivision 2, is amended to read:

Subd. 2. **Establishment of account; eligible expenditures.** (a) A state competitiveness fund account is created in the special revenue fund of the state treasury. The commissioner must credit

to the account appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains available until June 30, 2034. The commissioner is the fiscal agent and must manage the account.

(b) Money in the account is appropriated to the commissioner and must be used to:

(1) pay all or any portion of the state match required as a condition of receiving federal funds, or to otherwise reduce the cost for projects that are awarded federal funds, as described under subdivision 3, paragraph (a);

(2) award grants under subdivision 4 to obtain grant development assistance for eligible entities; ~~and~~

(3) award grants that reduce the cost for projects that are awarded federal loans within disadvantaged communities;

(4) award grants that are additive to federal tax credits received by an eligible entity to further reduce the cost of the technologies and activities eligible for such federal tax credits in disadvantaged communities; and

~~(5)~~ (5) pay the reasonable costs incurred by the department to assist eligible entities to successfully compete for available federal funds and utilize available federal tax credits or loans.

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

Sec. 5. Laws 2023, chapter 24, section 3, is amended to read:

Sec. 3. **APPROPRIATION.**

(a) \$115,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of commerce for the purposes of Minnesota Statutes, section 216C.391. This is a onetime appropriation. Of this amount:

(1) \$100,000,000 is for grant awards made under Minnesota Statutes, section 216C.391, subdivision 3, of which at least \$75,000,000 is for grant awards of less than \$1,000,000;

(2) \$6,000,000 is for grant awards made under Minnesota Statutes, section 216C.391, subdivision 4;

(3) \$750,000 is for the reports and audits under Minnesota Statutes, section 216C.391, subdivision 7;

(4) \$1,500,000 is for information system development improvements necessary to carry out Minnesota Statutes, section 216C.391, and to improve digital access and reporting;

(5) \$6,750,000 is for technical assistance to applicants and administration of Minnesota Statutes, section 216C.391, by the Department of Commerce; and

(6) the commissioner may transfer money from clause (2) to clause (1) if less than 75 percent of the money in clause (2) has been awarded by June 30, 2028.

(b) The commissioner, with approval from the commissioner of management and budget, may transfer money between appropriations established for paragraph (a), clause (1), and for money transferred under section 6, paragraph (c). This paragraph expires on June 30, 2028.

~~(b)~~ (c) To the extent that federal funds for energy projects under the Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169, become permanently unavailable to be matched with funds appropriated under this section or section 216C.391, subdivision 2, the commissioner of management and budget must certify the proportional amount of unencumbered funds remaining in the account established under Minnesota Statutes, section 216C.391, and those unencumbered funds cancel to the general fund.

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

#### Sec. 6. **TRANSFERS.**

(a) In the biennium ending on June 30, 2025, the commissioner of management and budget must transfer \$400,000,000 from the general fund to the Minnesota forward fund account established in Minnesota Statutes, section 116J.8752, subdivision 2. The base for this transfer is \$0.

(b) In the biennium ending on June 30, 2025, the commissioner of management and budget shall transfer \$25,000,000 from the general fund to the Minnesota climate innovation authority account established in Minnesota Statutes, section 216C.441, subdivision 11. The base for this transfer is \$0.

(c) In the biennium ending on June 30, 2025, the commissioner of management and budget must transfer \$75,000,000 from the general fund to the state competitiveness fund account established in Minnesota Statutes, section 216C.391, subdivision 2. Notwithstanding Minnesota Statutes, section 216C.391, subdivision 2, the commissioner of commerce must use this transfer for grants to eligible entities for projects receiving federal loans or tax credits where the benefits are in disadvantaged communities. The base for this transfer is \$0. Up to three percent of money transferred under this paragraph is for administrative costs.

(d) In the biennium ending on June 30, 2027, the commissioners of management and budget, in consultation with the commissioners of employment and economic development and commerce, may transfer money between the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account. The commissioner of management and budget must notify the Legislative Advisory Commission within 15 days of making transfers under this paragraph.

#### Sec. 7. **APPROPRIATIONS.**

(a) \$50,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development for providing businesses with matching funds required by federal programs. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. The commissioner may use up to two percent of

this appropriation for administration. This is a onetime appropriation and is available until June 30, 2027. Any funds that remain unspent are canceled to the general fund.

(b) \$100,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match existing federal funds made available in the Consolidated Appropriations Act, Public Law 117-328. This appropriation must be used to (1) construct and operate a bioindustrial manufacturing pilot innovation facility, biorefinery, or commercial campus utilizing agricultural feedstocks or (2) for a Minnesota aerospace center for research, development, and testing, or both (1) and (2). This appropriation is not subject to the requirements of Minnesota Statutes, 116J.8752, subdivision 5. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until June 30, 2027. Any funds that remain unspent are canceled to the general fund.

(c) \$250,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match federal funds made available in the Chips and Science Act, Public Law 117-167. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. This appropriation is not subject to Minnesota Statutes, section 116J.8752, subdivision 5. The commissioner may use up to two percent for administration. This is a onetime appropriation and is available until June 30, 2027. Any funds that remain unspent are canceled to the general fund.

(d) The commissioner may use the appropriation under paragraph (c) to allocate up to 15 percent of the total project cost with a maximum of \$75,000,000 per project for the purpose of constructing, modernizing, or expanding commercial facilities on the front- and back-end fabrication of leading-edge, current-generation, and mature-node semiconductors; funding semiconductor materials and manufacturing equipment facilities; and for research and development facilities.

(e) The commissioner may use the appropriation under paragraph (c) to award:

(1) grants to institutions of higher education for developing and deploying training programs and to build pipelines to serve the needs of industry; and

(2) grants to increase the capacity of institutions of higher education to serve industrial requirements for research and development that coincide with current and future requirements of projects eligible under this section. Grant money may be used to construct and equip facilities that serve the purpose of the industry. The maximum grant award per institution of higher education under this section is \$5,000,000 and may not represent more than 50 percent of the total project funding from other sources. Use of this funding must be supported by businesses receiving funds under clause (1).

(f) Money appropriated in paragraphs (a), (b), and (c) may be transferred between appropriations within the Minnesota forward fund account by the commissioner of employment and economic development with approval of the commissioner of management and budget. The commissioner must notify the Legislative Advisory Commission at least 15 days prior to changing appropriations under this paragraph."

Delete the title and insert:

"A bill for an act relating to state government; establishing a biennial budget for jobs, labor, and economic development; appropriating money for the Department of Labor and Industry, Department of Employment and Economic Development, Bureau of Mediation Services, and Workers' Compensation Court of Appeals; making labor policy changes; establishing workforce standards for agriculture and food processing workers, meat and poultry workers, and warehouse workers; establishing a Nursing Home Workforce Standards Board; regulating combative sports; prohibiting covenants not to compete; regulating building and construction contracts; modifying provisions of the Public Employment Relations Board; establishing wage protections for construction workers; establishing earned sick and safe time; modifying economic development provisions; modifying Explore Minnesota provisions; establishing a Capitol Area Community Vitality Task Force; establishing the PROMISE Act; creating the Minnesota Forward Fund; creating the Minnesota Climate Innovation Finance Authority; authorizing rulemaking; requiring reports; creating accounts; creating penalties; amending Minnesota Statutes 2022, sections 13.43, subdivision 6; 15.71, by adding subdivisions; 15.72, by adding a subdivision; 116J.5492, subdivisions 8, 10; 116J.55, subdivisions 1, 5, 6; 116J.871, subdivisions 1, 2; 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116L.361, subdivision 7; 116L.362, subdivision 1; 116L.364, subdivision 3; 116L.365, subdivision 1; 116L.56, subdivision 2; 116L.561, subdivision 5; 116L.562, subdivision 2; 116U.05; 116U.10; 116U.15; 116U.20; 116U.30; 116U.35; 120A.414, subdivision 2; 122A.181, subdivision 5; 122A.26, subdivision 2; 122A.40, subdivision 5; 122A.41, subdivision 2; 175.16, subdivision 1; 177.26, subdivisions 1, 2; 177.27, subdivisions 1, 2, 4, as amended, 7, 8, 9, 10; 177.42, subdivision 2; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 179A.03, subdivisions 14, 18, 19; 179A.041, by adding a subdivision; 179A.06, subdivision 6; 179A.07, subdivisions 1, 6, by adding subdivisions; 179A.10, subdivision 2; 179A.12, subdivisions 6, 11, by adding a subdivision; 181.03, subdivision 6; 181.032; 181.06, subdivision 2; 181.14, subdivision 1; 181.171, subdivision 4; 181.172; 181.275, subdivision 1; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.932, subdivision 1; 181.939; 181.940, subdivisions 2, 3; 181.941, subdivision 3; 181.9413; 181.942; 181.9435, subdivision 1; 181.9436; 181.944; 181.945, subdivision 3; 181.9456, subdivision 3; 181.956, subdivision 5; 181.964; 182.654, subdivision 11; 182.659, subdivisions 1, 8; 182.66, by adding a subdivision; 182.661, by adding a subdivision; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 182.676; 326B.092, subdivision 6; 326B.093, subdivision 4; 326B.096; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivisions 1, 4, by adding a subdivision; 326B.163, subdivision 5, by adding a subdivision; 326B.164, subdivision 13; 326B.31, subdivision 30; 326B.32, subdivision 1; 326B.36, subdivision 7, by adding a subdivision; 326B.802, subdivision 15; 326B.805, subdivision 6; 326B.921, subdivision 8; 326B.925, subdivision 1; 326B.988; 337.01, subdivision 3; 337.05, subdivision 1; 341.21, subdivisions 2a, 2b, 2c, 4f, 7, by adding a subdivision; 341.221; 341.25; 341.27; 341.28, subdivisions 2, 3, by adding subdivisions; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; 469.40, subdivision 11; 469.47, subdivisions 1, 5, 6; 572B.17; Laws 2021, First Special Session chapter 4, article 2, section 2, subdivision 1; article 8, section 30; Laws 2021, First Special Session chapter 10, article 2, section 24; Laws 2023, chapter 24, sections 2, subdivisions 1, 2; 3; proposing coding for new law in Minnesota Statutes, chapters 13; 16A; 116J; 116L; 116U; 177; 179; 181; 182; 216C; 327; 341; repealing Minnesota Statutes 2022, sections 177.26, subdivision 3; 179A.12, subdivision 2; 181.9413; Laws 2019, First Special Session chapter 7, article 2, section 8, as amended."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Bobby Joe Champion, Jennifer McEwen, Zaynab Mohamed, Grant Hauschild, Heather Gustafson

House Conferees: Hodan Hassan, Jay Xiong, Michael Nelson, Kaela Berg, Liz Olson

Senator Champion moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3035 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Draheim moved that the recommendations and Conference Committee Report on S.F. No. 3035 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Senator Drazkowski imposed a call of the Senate for the balance of the proceedings on the Draheim motion to S.F. No. 3035. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Draheim motion.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senators: Anderson and Lieske.

Those who voted in the negative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the negative vote on behalf of the following Senators: Frentz, Mann, and Pha.

The motion did not prevail.

Pursuant to Joint Rule 2.06, Senator Rasmusson raised a point of order that consideration of the Conference Committee Report on S.F. No. 3035 was out of order.

The President ruled the point of order not well taken.

Pursuant to Mason's Manual of Legislative Procedure, Sec. 771, Senator Pratt raised a point of order that the Conference Committee Report on S.F. No. 3035 was out of order.

The President ruled the point of order not well taken.

### CALL OF THE SENATE

Senator Rasmusson imposed a call of the Senate for the balance of the proceedings on the Champion motion to S.F. No. 3035. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the Champion motion that the foregoing recommendations and Conference Committee report on S.F. No. 3035 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Morrison cast the affirmative vote on behalf of the following Senators: Mann, Pappas, Pha, and Xiong.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Lucero	Utke
Anderson	Duckworth	Jasinski	Mathews	Weber
Bahr	Eichorn	Johnson	Miller	Wesenberg
Coleman	Farnsworth	Koran	Nelson	Westrom
Dahms	Green	Kreun	Pratt	
Dornink	Gruenhagen	Lieske	Rarick	
Draheim	Housley	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Jasinski, and Lieske.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

### CALL OF THE SENATE

Senator Rasmusson imposed a call of the Senate for the balance of the proceedings on S.F. No. 3035. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 3035 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Mann, Maye Quade, and Pha.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, and Lieske.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

President Champion resumed the Chair.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2744 and the Conference Committee Report thereon were reported to the Senate.

### **CONFERENCE COMMITTEE REPORT ON S.F. No. 2744**

A bill for an act relating to commerce; establishing a biennial budget for Department of Commerce; modifying various provisions governing insurance; regulating virtual currency activities; providing for reports relating to retail sales of intermediate blends of gasoline and biofuel; prohibiting excessive price increases by pharmaceutical manufacturers; establishing a Prescription Drug Affordability Board; establishing a student loan advocate position; regulating money transmitters; making technical changes; establishing penalties; authorizing administrative rulemaking; requiring reports; appropriating money; transferring money; amending Minnesota Statutes 2022, sections 46.131, subdivision 11; 60A.14, subdivision 1; 62A.152, subdivision 3; 62D.02, by adding a subdivision; 62D.095, subdivisions 2, 3, 4, 5; 62K.10, subdivision 4; 62Q.19, subdivision 1; 62Q.46, subdivisions 1, 3; 62Q.47; 62Q.81, subdivision 4, by adding a subdivision; 151.071, subdivisions 1, 2; 239.791, subdivision 8; 256B.0631, subdivision 1; 256L.03, subdivision 5; Laws 2022, chapter 93, article 1, section 2, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 53B; 58B; 62J; 62Q; 62W; repealing Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03;



<u>Workers'</u>		
<u>Compensation Fund</u>	<u>788,000</u>	<u>815,000</u>
<u>Special Revenue</u>	<u>2,093,000</u>	<u>2,093,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. Financial Institutions</u></b>	<u>2,372,000</u>	<u>2,492,000</u>
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(a) \$400,000 each year is for a grant to Prepare and Prosper to develop, market, evaluate, and distribute a financial services inclusion program that (1) assists low-income and financially underserved populations to build savings and strengthen credit, and (2) provides services to assist low-income and financially underserved populations to become more financially stable and secure. Money remaining after the first year is available for the second year.

(b) \$254,000 each year is to administer the requirements of Minnesota Statutes, chapter 58B.

<b><u>Subd. 3. Administrative Services</u></b>	<u>10,078,000</u>	<u>10,104,000</u>
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(a) \$353,000 each year is for system modernization and cybersecurity upgrades for the unclaimed property program.

(b) \$564,000 each year is for additional operations of the unclaimed property program.

(c) \$249,000 each year is for the senior safe fraud prevention program.

(d) \$568,000 in the first year and \$537,000 in the second year are to create and maintain the Prescription Drug Affordability Board established under Minnesota Statutes, section 62J.87. The base in fiscal year 2026 is \$500,000.

(e) \$150,000 each year is for a grant to Exodus Lending to expand program and operational capacity to assist individuals with

financial stability through small dollar consumer loans, including but not limited to revolving consumer short-term loans carrying interest rates greater than 36 percent. Loans issued under the program must be: (1) interest- and fee-free; and (2) made to Minnesotans facing significant barriers to mainstream financial products. Program participants must be recruited through a statewide network of trusted community-based partners. Loan payments by borrowers must be reported to the credit bureaus. These are onetime appropriations and are available until June 30, 2027.

(f) \$200,000 in the first year is for a grant to Exodus Lending to assist in the development of a character-based small dollar loan program. This is a onetime appropriation and is available until June 30, 2027.

(g) For the purposes of paragraphs (e) and (f), the following terms have the meanings given:

(1) "barriers to financial inclusion" means a person's financial history, credit history and credit score requirements, scarcity of depository institutions in lower income and communities of color, and low or irregular income flows;

(2) "character-based lending" means the practice of issuing loans based on a borrower's involvement in and ties to community-based organizations that provide client services, including but not limited to financial coaching; and

(3) "mainstream financial products" means financial products that are provided most commonly by regulated financial institutions, including but not limited to credit cards and installment loans.

(h) No later than July 15, 2024, and annually thereafter until the appropriations under paragraphs (e) and (f) have been exhausted

or canceled, Exodus Lending must submit a report to the commissioner of commerce on the activities required of Exodus Lending under paragraphs (e) and (f). Until July 15, 2027, the report must detail, at a minimum, each of the following for the prior calendar year and, after July 15, 2027, the report must detail, at a minimum, each of the following that relate to the activities of Exodus Lending under paragraph (f) for the prior calendar year:

- (1) the total number of loans granted;
  - (2) the total number of participants granted loans;
  - (3) an analysis of the participants' race, ethnicity, gender, and geographic locations;
  - (4) the average loan amount;
  - (5) the total loan amounts paid back by participants;
  - (6) a list of the trusted community-based partners;
  - (7) the final criteria developed for character-based small dollar loan program determinations under paragraph (f); and
  - (8) summary data on the significant barriers to mainstream financial products faced by participants.
- (i) No later than August 15, 2024, and annually thereafter until the appropriations under paragraphs (e) and (f) have been exhausted or canceled, the commissioner of commerce must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over commerce and consumer protection. The report must detail the information collected by the commissioner of commerce under paragraph (h).

(j) \$12,000 each year is for the intermediate blends of gasoline and biofuels report under Minnesota Statutes, section 239.791, subdivision 8.

(k) The total base for administrative services under this subdivision is \$10,042,000 in fiscal year 2026 and beyond.

<b>Subd. 4. Enforcement</b>		<u>7,382,000</u>	<u>7,670,000</u>
	<u>Appropriations by Fund</u>		
<u>General</u>	<u>7,174,000</u>	<u>7,455,000</u>	
<u>Workers' Compensation</u>	<u>208,000</u>	<u>215,000</u>	

(a) \$811,000 each year is for five additional peace officers in the Commerce Fraud Bureau. Money under this paragraph is transferred from the general fund to the insurance fraud prevention account under Minnesota Statutes, section 45.0135, subdivision 6.

(b) \$345,000 each year is for additional staff to focus on market conduct examinations.

(c) \$41,000 in the first year and \$21,000 in the second year are for body cameras worn by Commerce Fraud Bureau agents.

(d) \$208,000 in the first year and \$215,000 in the second year are from the workers' compensation fund.

(e) \$100,000 in the second year is for the creation and maintenance of the Mental Health Parity and Substance Abuse Accountability Office under Minnesota Statutes, section 62Q.465. The base for fiscal year 2026 is \$225,000.

(f) \$197,000 each year is to create and maintain a student loan advocate position under Minnesota Statutes, section 58B.011.

(g) \$283,000 each year is for law enforcement salary increases, as authorized

under Laws 2021, chapter 4, article 9, section 1.

**Subd. 5. Telecommunications**

3,221,000

3,261,000

Appropriations by Fund

<u>General</u>	<u>1,128,000</u>	<u>1,168,000</u>
<u>Special Revenue</u>	<u>2,093,000</u>	<u>2,093,000</u>

\$2,093,000 each year is from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers:

(1) \$1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This transfer is subject to Minnesota Statutes, section 16A.281;

(2) \$290,000 each year is to the chief information officer to coordinate technology accessibility and usability;

(3) \$133,000 each year is to the Legislative Coordinating Commission for captioning legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) \$50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants or services to other state agencies related to accessibility of web-based services.

**Subd. 6. Insurance**

9,173,000

9,577,000

Appropriations by Fund

<u>General</u>	<u>8,593,000</u>	<u>8,977,000</u>
<u>Workers' Compensation</u>	<u>580,000</u>	<u>600,000</u>

(a) \$136,000 each year is to advance standardized health plan options.

(b) \$318,000 each year is to conduct a feasibility study on a proposal to offer free

primary care to Minnesotans. These are onetime appropriations.

(c) \$105,000 each year is to evaluate legislation for new mandated health benefits under Minnesota Statutes, section 62J.26.

(d) \$180,000 each year is for additional staff to focus on property- and casualty-related insurance products.

(e) \$580,000 in the first year and \$600,000 in the second year are from the workers' compensation fund.

(f) \$42,000 each year is for ensuring health plan company compliance with Minnesota Statutes, section 62Q.47, paragraph (h).

(g) \$25,000 each year is to evaluate existing statutory health benefit mandates.

(h) \$20,000 each year is to pay membership dues for Minnesota to the National Conference of Insurance Legislators. The appropriations in this paragraph are onetime.

<u>Subd. 7. <b>Weights and Measures Division</b></u>	<u>1,531,000</u>	<u>1,556,000</u>
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Sec. 3. **DEPARTMENT OF EDUCATION**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u>100,000</u>	<u>\$</u>	<u>-0-</u>
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Appropriations by Fund

	<u>2024</u>		<u>2025</u>
<u>General</u>	<u>100,000</u>		<u>-0-</u>

\$100,000 in the first year is to issue grants of \$50,000 each year to the Minnesota Council on Economic Education. This balance does not cancel but is available in the second year. This appropriation is onetime.

Sec. 4. **ATTORNEY GENERAL**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u>691,000</u>	<u>\$</u>	<u>691,000</u>
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Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>691,000</u>	<u>691,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Excessive Price Increases to Generic Drugs</u>	<u>549,000</u>	<u>549,000</u>
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\$549,000 each year is for the duties under Minnesota Statutes, sections 62J.841 to 64J.845.

<u>Subd. 3. Report.</u>	<u>142,000</u>	<u>142,000</u>
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(a) \$142,000 each year is for a report on the effect of new and emerging technologies on the well-being of Minnesotans. The appropriations in this paragraph are onetime. The report must:

(1) evaluate the impact of technology companies and their products on the mental health and well-being of Minnesotans, with a focus on children;

(2) discuss proposed and enacted consumer protection laws related to the regulation of technology companies in other jurisdictions; and

(3) include policy recommendations to the Minnesota legislature.

(b) The report is due beginning February 1, 2024, and by the same date the following year and must be filed according to Minnesota Statutes, section 3.195, with copies submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over data and commerce.

**Sec. 5. DEPARTMENT OF HEALTH**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>74,000</u>	<u>\$</u>	<u>56,000</u>
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	<u>Appropriations by Fund</u>	
	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>74,000</u>	<u>56,000</u>

(a) \$69,000 in the first year and \$51,000 in the second year are for the duties under Minnesota Statutes, sections 62J.841 to 64J.845.

(b) \$5,000 each year is to evaluate existing statutory health benefit mandates.

**Sec. 6. PREMIUM SECURITY ACCOUNT TRANSFER; OUT.**

\$275,775,000 in fiscal year 2026 is transferred from the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1, to the general fund. This is a onetime transfer.

**Sec. 7. TRANSFER FROM CONSUMER EDUCATION ACCOUNT.**

\$100,000 in fiscal year 2024 is transferred from the consumer education account in the special revenue fund to the general fund.

Sec. 8. Laws 2022, chapter 93, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. <b>Enforcement and Examinations</b>	-0-	522,000
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\$522,000 in fiscal year 2023 is for the auto theft prevention library under Minnesota Statutes, section 65B.84, subdivision 1, paragraph (d). This is a onetime appropriation and is available until June 30, 2024.

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

## ARTICLE 2

### INSURANCE POLICY

Section 1. Minnesota Statutes 2022, section 60A.08, subdivision 15, is amended to read:

Subd. 15. **Classification of insurance filings data.** (a) All forms, rates, and related information filed with the commissioner under section 61A.02 shall be nonpublic data until the filing becomes effective.

(b) All forms, rates, and related information filed with the commissioner under section 62A.02 shall be nonpublic data until the filing becomes effective.

(c) All forms, rates, and related information filed with the commissioner under section 62C.14, subdivision 10, shall be nonpublic data until the filing becomes effective.

(d) All forms, rates, and related information filed with the commissioner under section 70A.06 shall be nonpublic data until the filing becomes effective.

(e) All forms, rates, and related information filed with the commissioner under section 79.56 shall be nonpublic data until the filing becomes effective.

(f) All forms, rates, and related information filed with the commissioner under section 65A.298 are nonpublic data until the filing becomes effective.

~~(f)~~ (g) Notwithstanding paragraphs (b) and (c), for all rate increases subject to review under section 2794 of the Public Health Services Act and any amendments to, or regulations, or guidance issued under the act that are filed with the commissioner on or after September 1, 2011, the commissioner:

(1) may acknowledge receipt of the information;

(2) may acknowledge that the corresponding rate filing is pending review;

(3) must provide public access from the Department of Commerce's website to parts I and II of the Preliminary Justifications of the rate increases subject to review; and

(4) must provide notice to the public on the Department of Commerce's website of the review of the proposed rate, which must include a statement that the public has 30 calendar days to submit written comments to the commissioner on the rate filing subject to review.

~~(g)~~ (h) Notwithstanding paragraphs (b) and (c), for all proposed premium rates filed with the commissioner for individual health plans, as defined in section 62A.011, subdivision 4, and small group health plans, as defined in section 62K.03, subdivision 12, the commissioner must provide public access on the Department of Commerce's website to compiled data of the proposed changes to rates, separated by health plan and geographic rating area, within ten business days after the deadline by which health carriers, as defined in section 62A.011, subdivision 2, must submit proposed rates to the commissioner for approval.

Sec. 2. **[60A.0812] PROPERTY AND CASUALTY POLICY EXCLUSIONS.**

Subdivision 1. **Short title.** This section may be cited as the "Family Protection Act."

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Boat" means a motorized or nonmotorized vessel that floats and is used for personal, noncommercial use on waters in Minnesota.

(c) "Boat insurance policy" means an insurance policy that provides liability coverage for bodily injury resulting from the ownership, maintenance, or use of a boat, although the policy may also provide for property insurance coverage for the boat for noncommercial use.

(d) "Insured" means an insured under a policy specified in subdivision 3, clauses (1) to (4), including the named insured and the following persons not identified by name as an insured while residing in the same household with the named insured:

(1) a spouse of a named insured;

(2) a relative of a named insured; or

(3) a minor in the custody of a named insured, spouse of a named insured, or of a relative residing in the same household with a named insured.

For purposes of this section, a person resides in or is a member of the same household with the named insured if the person's home is usually in the same family unit, even if the person is temporarily living elsewhere.

(e) "Permitted exclusion" means an exclusion of or limitation on liability for damages for bodily injury resulting from fraud, intentional conduct, criminal conduct that intentionally causes an injury, and other exclusions permitted by law, including a permitted exclusion contained in a boat insurance policy issued in this state pursuant to subdivision 6.

(f) "Prohibited exclusion" means an exclusion of or limitation on liability for damages for bodily injury because the injured person is:

(1) an insured other than a named insured;

(2) a resident or member of the insured's household; or

(3) related to the insured by blood or marriage.

Subd. 3. **Prohibited exclusions.** A prohibited exclusion contained in a plan or policy identified in clauses (1) to (4) is against public policy and is void. The following insurance coverage issued in this state must not contain a prohibited exclusion, unless expressly provided otherwise under this section:

(1) a plan of reparation security, as defined under section 65B.43;

(2) a boat insurance policy;

(3) a personal excess liability policy; and

(4) a personal umbrella policy.

Subd. 4. **Permitted exclusions.** An insurance policy listed in this section may contain a permitted exclusion for bodily injury to an insured.

Subd. 5. **Underlying coverage requirement.** An excess or umbrella policy may contain a requirement that coverage for family or household members under an excess or umbrella policy governed by this section is available only to the extent coverage is first available from an underlying policy that provides coverage for damages for bodily injury.

Subd. 6. **Election of coverage for boat insurance policies.** (a) An insurer issuing bodily injury liability coverage for a boat insurance policy under this section must notify a person at the time of sale of the person's rights under this section to decline coverage for insureds and be provided an updated quote reflecting the appropriate premium for the coverage provided.

(b) Named insureds must affirmatively make an election to decline coverage, in a form approved by the commissioner, after being informed that an updated quote will be provided. The election must be signed and dated, and is binding on all persons insured under the policy and to any renewal of the policy.

(c) An insurer offering an election of coverage under this subdivision must have the disclosure approved by the commissioner. The notice must be in 14-point bold type, in a conspicuous location of the notice document, and contain at least the following:

ELECTION TO DECLINE COVERAGE: YOU HAVE THE RIGHT TO DECLINE BODILY INJURY COVERAGE FOR INJURIES TO YOUR FAMILY AND HOUSEHOLD MEMBERS FOR WHICH YOU WOULD OTHERWISE BE ENTITLED TO UNDER MINNESOTA LAW. IF YOU ELECT TO DECLINE THIS COVERAGE, YOU WILL RECEIVE AN UPDATED PREMIUM QUOTE BASED ON THE COVERAGE YOU ARE ELECTING TO PURCHASE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FAMILY AND HOUSEHOLD MEMBERS WOULD NOT BE COVERED FOR BODILY INJURY IF YOU ELECT TO DECLINE COVERAGE.

Subd. 7. **No endorsement required.** An endorsement, rider, or contract amendment is not required for this section to be effective.

**EFFECTIVE DATE.** This section is effective January 1, 2024, for plans of reparation security, as defined under Minnesota Statutes, section 65B.43, a personal excess liability policy, or a personal umbrella policy offered, issued, or renewed on or after that date. This section is effective on May 1, 2024, for a boat insurance policy covering a personal injury sustained while using a boat.

Sec. 3. Minnesota Statutes 2022, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. **Fees other than examination fees.** In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

- (1) for filing certificate of incorporation \$25 and amendments thereto, \$10;
- (2) for filing annual statements, \$15;
- (3) for each annual certificate of authority, \$15;
- (4) for filing bylaws \$25 and amendments thereto, \$10;

(b) by other domestic and foreign companies including fraternal and reciprocal exchanges:

(1) for filing an application for an initial certification of authority to be admitted to transact business in this state, \$1,500;

(2) for filing certified copy of certificate of articles of incorporation, \$100;

(3) for filing annual statement, ~~\$225~~ \$300;

(4) for filing certified copy of amendment to certificate or articles of incorporation, \$100;

(5) for filing bylaws, \$75 or amendments thereto, \$75;

(6) for each company's certificate of authority, ~~\$575~~ \$750, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, \$25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, \$575;

(4) for valuing the policies of life insurance companies, ~~one cent~~ two cents per \$1,000 of insurance so valued, provided that the fee shall not exceed ~~\$13,000~~ \$26,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(6) for each appointment of an agent filed with the commissioner, \$30;

(7) for filing forms, rates, and compliance certifications under section 60A.315, \$140 per filing, or \$125 per filing when submitted via electronic filing system. Filing fees may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, ~~\$300~~ \$400.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 4. Minnesota Statutes 2022, section 61A.031, is amended to read:

**61A.031 SUICIDE PROVISIONS.**

(a) The sanity or insanity of a person shall not be a factor in determining whether a person committed suicide within the terms of an individual or group life insurance policy regulating the payment of benefits in the event of the insured's suicide. This ~~section~~ paragraph shall not be construed to alter present law but is intended to clarify present law.

(b) A life insurance policy or certificate issued or delivered in this state may exclude or restrict liability for any death benefit in the event the insured dies as a result of suicide within one year from the date of the issue of the policy or certificate. Any exclusion or restriction shall be clearly stated in the policy or certificate. Any life insurance policy or certificate which contains any exclusion or restriction under this paragraph shall also provide that in the event any death benefit is denied because

the insured dies as a result of suicide within one year from the date of issue of the policy or certificate, the insurer shall refund all premiums paid for coverage providing the denied death benefit on the insured.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to policies issued on or after that date.

Sec. 5. Minnesota Statutes 2022, section 61A.60, subdivision 3, is amended to read:

Subd. 3. **Definitions.** The following definitions must appear on the back of the notice forms provided in subdivisions 1 and 2:

#### DEFINITIONS

**PREMIUMS:** Premiums are the payments you make in exchange for an insurance policy or annuity contract. They are unlike deposits in a savings or investment program, because if you drop the policy or contract, you might get back less than you paid in.

**CASH SURRENDER VALUE:** This is the amount of money you can get in cash if you surrender your life insurance policy or annuity. If there is a policy loan, the cash surrender value is the difference between the cash value printed in the policy and the loan value. Not all policies have cash surrender values.

**LAPSE:** A life insurance policy may lapse when you do not pay the premiums within the grace period. If you had a cash surrender value, the insurer might change your policy to as much extended term insurance or paid-up insurance as the cash surrender value will buy. Sometimes the policy lets the insurer borrow from the cash surrender value to pay the premiums.

**SURRENDER:** You surrender a life insurance policy when you either let it lapse or tell the company you want to drop it. Whenever a policy has a cash surrender value, you can get it in cash if you return the policy to the company with a written request. Most insurers will also let you exchange the cash value of the policy for paid-up or extended term insurance.

**CONVERT TO PAID-UP INSURANCE:** This means you use your cash surrender value to change your insurance to a paid-up policy with the same insurer. The death benefit generally will be lower than under the old policy, but you will not have to pay any more premiums.

**PLACE ON EXTENDED TERM:** This means you use your cash surrender value to change your insurance to term insurance with the same insurer. In this case, the net death benefit will be the same as before. However, you will only be covered for a specified period of time stated in the policy.

**BORROW POLICY LOAN VALUES:** If your life insurance policy has a cash surrender value, you can almost always borrow all or part of it from the insurer. Interest will be charged according to the terms of the policy, and if the loan with unpaid interest ever exceeds the cash surrender value, your policy will be surrendered. If you die, the amount of the loan and any unpaid interest due will be subtracted from the death benefits.

**EVIDENCE OF INSURABILITY:** This means proof that you are an acceptable risk. You have to meet the insurer's standards regarding age, health, occupation, etc., to be eligible for coverage.

**INCONTESTABLE CLAUSE:** This says that after two years, depending on the policy or insurer, the life insurer will not resist a claim because you made a false or incomplete statement when you applied for the policy. For the early years, though, if there are wrong answers on the application and the insurer finds out about them, the insurer can deny a claim as if the policy had never existed.

**SUICIDE CLAUSE:** This says that if you ~~commit~~ complete suicide after being insured for less than ~~two years~~ one year, depending on the policy and insurer, your beneficiaries will receive only a refund of the premiums that were paid.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to policies issued on or after that date.

Sec. 6. Minnesota Statutes 2022, section 62A.152, subdivision 3, is amended to read:

Subd. 3. **Provider discrimination prohibited.** All group policies and group subscriber contracts that provide benefits for mental or nervous disorder treatments in a hospital must provide direct reimbursement for those services at a hospital or psychiatric residential treatment facility if performed by a mental health professional qualified according to section 245I.04, subdivision 2, to the extent that the services and treatment are within the scope of mental health professional licensure.

This subdivision is intended to provide payment of benefits for mental or nervous disorder treatments performed by a licensed mental health professional in a hospital or psychiatric residential treatment facility and is not intended to change or add benefits for those services provided in policies or contracts to which this subdivision applies.

**EFFECTIVE DATE.** This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 7. Minnesota Statutes 2022, section 62A.3099, is amended by adding a subdivision to read:

Subd. 18b. **Open enrollment period.** "Open enrollment period" means the time period described in Code of Federal Regulations, title 42, section 422.62, paragraph (a), clauses (2) to (4), as amended.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 8. Minnesota Statutes 2022, section 62A.31, subdivision 1, is amended to read:

Subdivision 1. **Policy requirements.** No individual or group policy, certificate, subscriber contract issued by a health service plan corporation regulated under chapter 62C, or other evidence of accident and health insurance the effect or purpose of which is to supplement Medicare coverage, including to supplement coverage under Medicare Advantage plans established under Medicare Part C, issued or delivered in this state or offered to a resident of this state shall be sold or issued to an individual covered by Medicare unless the requirements in subdivisions 1a to ~~1w~~ 1w are met.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 9. Minnesota Statutes 2022, section 62A.31, subdivision 1f, is amended to read:

Subd. 1f. **Suspension based on entitlement to medical assistance.** (a) The policy or certificate must provide that benefits and premiums under the policy or certificate shall be suspended for any period that may be provided by federal regulation at the request of the policyholder or certificate holder for the period, not to exceed 24 months, in which the policyholder or certificate holder has applied for and is determined to be entitled to medical assistance under title XIX of the Social Security Act, but only if the policyholder or certificate holder notifies the issuer of the policy or certificate within 90 days after the date the individual becomes entitled to this assistance.

(b) If suspension occurs and if the policyholder or certificate holder loses entitlement to this medical assistance, the policy or certificate shall be automatically reinstated, effective as of the date of termination of this entitlement, if the policyholder or certificate holder provides notice of loss of the entitlement within 90 days after the date of the loss and pays the premium attributable to the period, effective as of the date of termination of entitlement.

(c) The policy must provide that upon reinstatement (1) there is no ~~additional~~ waiting period with respect to treatment of preexisting conditions, (2) coverage is provided which is substantially equivalent to coverage in effect before the date of the suspension. If the suspended policy provided coverage for outpatient prescription drugs, reinstatement of the policy for Medicare Part D enrollees must be without coverage for outpatient prescription drugs and must otherwise provide coverage substantially equivalent to the coverage in effect before the date of suspension, and (3) premiums are classified on terms that are at least as favorable to the policyholder or certificate holder as the premium classification terms that would have applied to the policyholder or certificate holder had coverage not been suspended.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 10. Minnesota Statutes 2022, section 62A.31, subdivision 1h, is amended to read:

Subd. 1h. **Limitations on denials, conditions, and pricing of coverage.** No health carrier issuing Medicare-related coverage in this state may impose preexisting condition limitations or otherwise deny or condition the issuance or effectiveness of any such coverage available for sale in this state, nor may it discriminate in the pricing of such coverage, because of the health status, claims experience, receipt of health care, medical condition, or age of an applicant where an application for such coverage is submitted: (1) prior to or during the six-month period beginning with the first day of the month in which an individual first enrolled for benefits under Medicare Part B; or (2) during the open enrollment period. This subdivision applies to each Medicare-related coverage offered by a health carrier regardless of whether the individual has attained the age of 65 years. If an individual who is enrolled in Medicare Part B due to disability status is involuntarily disenrolled due to loss of disability status, the individual is eligible for another six-month enrollment period provided under this subdivision beginning the first day of the month in which the individual later becomes eligible for and enrolls again in Medicare Part B and during the open enrollment period. An individual who is or was previously enrolled in Medicare Part B due to disability status is eligible for another six-month enrollment period under this subdivision beginning the first day of the month in which the individual has attained the age of 65 years and either maintains enrollment in, or enrolls again in, Medicare Part B and during the open enrollment period. If an individual enrolled in Medicare

Part B voluntarily disenrolls from Medicare Part B because the individual becomes enrolled under an employee welfare benefit plan, the individual is eligible for another six-month enrollment period, as provided in this subdivision, beginning the first day of the month in which the individual later becomes eligible for and enrolls again in Medicare Part B and during the open enrollment period.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 11. Minnesota Statutes 2022, section 62A.31, subdivision 1p, is amended to read:

Subd. 1p. **Renewal or continuation provisions.** Medicare supplement policies and certificates shall include a renewal or continuation provision. The language or specifications of the provision shall be consistent with the type of contract issued. The provision shall be appropriately captioned and shall appear on the first page of the policy or certificate, and shall include any reservation by the issuer of the right to change premiums. Except for riders or endorsements by which the issuer effectuates a request made in writing by the insured, exercises a specifically reserved right under a Medicare supplement policy or certificate, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all riders or endorsements added to a Medicare supplement policy or certificate after the date of issue or at reinstatement or renewal that reduce or eliminate benefits or coverage in the policy or certificate shall require a signed acceptance by the insured. After the date of policy or certificate issue, a rider or endorsement that increases benefits or coverage with a concomitant increase in premium during the policy or certificate term shall be agreed to in writing and signed by the insured, unless the benefits are required by the minimum standards for Medicare supplement policies or if the increased benefits or coverage is required by law. Where a separate additional premium is charged for benefits provided in connection with riders or endorsements, the premium charge shall be set forth in the policy, declaration page, or certificate. ~~If a Medicare supplement policy or certificate contains limitations with respect to preexisting conditions, the limitations shall appear as a separate paragraph of the policy or certificate and be labeled as "preexisting condition limitations."~~

Issuers of accident and sickness policies or certificates that provide hospital or medical expense coverage on an expense incurred or indemnity basis to persons eligible for Medicare shall provide to those applicants a "Guide to Health Insurance for People with Medicare" in the form developed by the Centers for Medicare and Medicaid Services and in a type size no smaller than 12-point type. Delivery of the guide must be made whether or not such policies or certificates are advertised, solicited, or issued as Medicare supplement policies or certificates as defined in this section and section 62A.3099. Except in the case of direct response issuers, delivery of the guide must be made to the applicant at the time of application, and acknowledgment of receipt of the guide must be obtained by the issuer. Direct response issuers shall deliver the guide to the applicant upon request, but no later than the time at which the policy is delivered.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 12. Minnesota Statutes 2022, section 62A.31, subdivision 1u, is amended to read:

Subd. 1u. **Guaranteed issue for eligible persons.** (a)(1) Eligible persons are those individuals described in paragraph (b) who seek to enroll under the policy during the period specified in paragraph

(c) and who submit evidence of the date of termination or disenrollment described in paragraph (b), or of the date of Medicare Part D enrollment, with the application for a Medicare supplement policy.

(2) With respect to eligible persons, an issuer shall not: deny or condition the issuance or effectiveness of a Medicare supplement policy described in paragraph (c) that is offered and is available for issuance to new enrollees by the issuer; discriminate in the pricing of such a Medicare supplement policy because of health status, claims experience, receipt of health care, medical condition, or age; or impose an exclusion of benefits based upon a preexisting condition under such a Medicare supplement policy.

(b) An eligible person is an individual described in any of the following:

(1) the individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare; and the plan terminates, or the plan ceases to provide all such supplemental health benefits to the individual;

(2) the individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, and any of the following circumstances apply, or the individual is 65 years of age or older and is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under section 1894 of the federal Social Security Act, and there are circumstances similar to those described in this clause that would permit discontinuance of the individual's enrollment with the provider if the individual were enrolled in a Medicare Advantage plan:

(i) the organization's or plan's certification under Medicare Part C has been terminated or the organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;

(ii) the individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary, but not including termination of the individual's enrollment on the basis described in section 1851(g)(3)(B) of the federal Social Security Act, United States Code, title 42, section 1395w-21(g)(3)(b) (where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under section 1856 of the federal Social Security Act, United States Code, title 42, section 1395w-26), or the plan is terminated for all individuals within a residence area;

(iii) the individual demonstrates, in accordance with guidelines established by the Secretary, that:

(A) the organization offering the plan substantially violated a material provision of the organization's contract in relation to the individual, including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards; or

(B) the organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual; or

(iv) the individual meets such other exceptional conditions as the secretary may provide;

(3)(i) the individual is enrolled with:

(A) an eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost);

(B) a similar organization operating under demonstration project authority, effective for periods before April 1, 1999;

(C) an organization under an agreement under section 1833(a)(1)(A) of the federal Social Security Act, United States Code, title 42, section 1395l(a)(1)(A) (health care prepayment plan); or

(D) an organization under a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under clause (2);

(4) the individual is enrolled under a Medicare supplement policy, and the enrollment ceases because:

(i)(A) of the insolvency of the issuer or bankruptcy of the nonissuer organization; or

(B) of other involuntary termination of coverage or enrollment under the policy;

(ii) the issuer of the policy substantially violated a material provision of the policy; or

(iii) the issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual;

(5)(i) the individual was enrolled under a Medicare supplement policy and terminates that enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C; any eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost); any similar organization operating under demonstration project authority; any PACE provider under section 1894 of the federal Social Security Act, or a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the subsequent enrollment under item (i) is terminated by the enrollee during any period within the first 12 months of the subsequent enrollment during which the enrollee is permitted to terminate the subsequent enrollment under section 1851(e) of the federal Social Security Act;

(6) the individual, upon first enrolling for benefits under Medicare Part B, enrolls in a Medicare Advantage plan under Medicare Part C, or with a PACE provider under section 1894 of the federal Social Security Act, and disenrolls from the plan by not later than 12 months after the effective date of enrollment; or

(7) the individual enrolls in a Medicare Part D plan during the initial Part D enrollment period, as defined under United States Code, title 42, section 1395ss(v)(6)(D), and, at the time of enrollment in Part D, was enrolled under a Medicare supplement policy that covers outpatient prescription drugs and the individual terminates enrollment in the Medicare supplement policy and submits evidence

of enrollment in Medicare Part D along with the application for a policy described in paragraph (e), clause (4); or

(8) the individual was enrolled in a state public program and is losing coverage due to the unwinding of the Medicaid continuous enrollment conditions, as provided by Code of Federal Regulations, title 45, section 155.420(d)(9) and (d)(1), and Public Law 117-328, section 5131 (2022).

(c)(1) In the case of an individual described in paragraph (b), clause (1), the guaranteed issue period begins on the later of: (i) the date the individual receives a notice of termination or cessation of all supplemental health benefits or, if a notice is not received, notice that a claim has been denied because of a termination or cessation; or (ii) the date that the applicable coverage terminates or ceases; and ends 63 days after the later of those two dates.

(2) In the case of an individual described in paragraph (b), clause (2), (3), (5), or (6), whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(3) In the case of an individual described in paragraph (b), clause (4), item (i), the guaranteed issue period begins on the earlier of: (i) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice if any; and (ii) the date that the applicable coverage is terminated, and ends on the date that is 63 days after the date the coverage is terminated.

(4) In the case of an individual described in paragraph (b), clause (2), (4), (5), or (6), who disenrolls voluntarily, the guaranteed issue period begins on the date that is 60 days before the effective date of the disenrollment and ends on the date that is 63 days after the effective date.

(5) In the case of an individual described in paragraph (b), clause (7), the guaranteed issue period begins on the date the individual receives notice pursuant to section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the 60-day period immediately preceding the initial Part D enrollment period and ends on the date that is 63 days after the effective date of the individual's coverage under Medicare Part D.

(6) In the case of an individual described in paragraph (b) but not described in this paragraph, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date.

(7) For all individuals described in paragraph (b), the open enrollment period is a guaranteed issue period.

(d)(1) In the case of an individual described in paragraph (b), clause (5), or deemed to be so described, pursuant to this paragraph, whose enrollment with an organization or provider described in paragraph (b), clause (5), item (i), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (5).

(2) In the case of an individual described in paragraph (b), clause (6), or deemed to be so described, pursuant to this paragraph, whose enrollment with a plan or in a program described in paragraph (b), clause (6), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (6).

(3) For purposes of paragraph (b), clauses (5) and (6), no enrollment of an individual with an organization or provider described in paragraph (b), clause (5), item (i), or with a plan or in a program described in paragraph (b), clause (6), may be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with the organization, provider, plan, or program.

(e) The Medicare supplement policy to which eligible persons are entitled under:

(1) paragraph (b), clauses (1) to (4), is any Medicare supplement policy that has a benefit package consisting of the basic Medicare supplement plan described in section 62A.316, paragraph (a), plus any combination of the three optional riders described in section 62A.316, paragraph (b), clauses (1) to (3), offered by any issuer;

(2) paragraph (b), clause (5), is the same Medicare supplement policy in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, any policy described in clause (1) offered by any issuer, except that after December 31, 2005, if the individual was most recently enrolled in a Medicare supplement policy with an outpatient prescription drug benefit, a Medicare supplement policy to which the individual is entitled under paragraph (b), clause (5), is:

(i) the policy available from the same issuer but modified to remove outpatient prescription drug coverage; or

(ii) at the election of the policyholder, a policy described in clause (4), except that the policy may be one that is offered and available for issuance to new enrollees that is offered by any issuer;

(3) paragraph (b), clause (6), is any Medicare supplement policy offered by any issuer;

(4) paragraph (b), clause (7), is a Medicare supplement policy that has a benefit package classified as a basic plan under section 62A.316 if the enrollee's existing Medicare supplement policy is a basic plan or, if the enrollee's existing Medicare supplement policy is an extended basic plan under section 62A.315, a basic or extended basic plan at the option of the enrollee, provided that the policy is offered and is available for issuance to new enrollees by the same issuer that issued the individual's Medicare supplement policy with outpatient prescription drug coverage. The issuer must permit the enrollee to retain all optional benefits contained in the enrollee's existing coverage, other than outpatient prescription drugs, subject to the provision that the coverage be offered and available for issuance to new enrollees by the same issuer.

(f)(1) At the time of an event described in paragraph (b), because of which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of the individual's rights under

this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated contemporaneously with the notification of termination.

(2) At the time of an event described in paragraph (b), because of which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated within ten working days of the issuer receiving notification of disenrollment.

(g) Reference in this subdivision to a situation in which, or to a basis upon which, an individual's coverage has been terminated does not provide authority under the laws of this state for the termination in that situation or upon that basis.

(h) An individual's rights under this subdivision are in addition to, and do not modify or limit, the individual's rights under subdivision 1h.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 13. Minnesota Statutes 2022, section 62A.31, is amended by adding a subdivision to read:

**Subd. 1w. Open enrollment.** A medicare supplement policy or certificate must not be sold or issued to an eligible individual outside of the time periods described in subdivision 1u.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 14. Minnesota Statutes 2022, section 62A.31, subdivision 4, is amended to read:

**Subd. 4. Prohibited policy provisions.** (a) A Medicare supplement policy or certificate in force in the state shall not contain benefits that duplicate benefits provided by Medicare or contain exclusions on coverage that are more restrictive than those of Medicare. Duplication of benefits is permitted to the extent permitted under subdivision 1s, paragraph (a), for benefits provided by Medicare Part D.

(b) No Medicare supplement policy or certificate may use waivers to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions; ~~except as permitted under subdivision 1b.~~

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 15. Minnesota Statutes 2022, section 62A.44, subdivision 2, is amended to read:

**Subd. 2. Questions.** (a) Application forms shall include the following questions designed to elicit information as to whether, as of the date of the application, the applicant has another Medicare supplement or other health insurance policy or certificate in force or whether a Medicare supplement policy or certificate is intended to replace any other accident and sickness policy or certificate

presently in force. A supplementary application or other form to be signed by the applicant and agent containing the questions and statements may be used.

"(1) You do not need more than one Medicare supplement policy or certificate.

(2) If you purchase this policy, you may want to evaluate your existing health coverage and decide if you need multiple coverages.

(3) You may be eligible for benefits under Medicaid and may not need a Medicare supplement policy or certificate.

(4) The benefits and premiums under your Medicare supplement policy or certificate can be suspended, if requested, during your entitlement to benefits under Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medicaid. If you are no longer entitled to Medicaid, your policy or certificate will be reinstated if requested within 90 days of losing Medicaid eligibility.

(5) Counseling services may be available in Minnesota to provide advice concerning medical assistance through state Medicaid, Qualified Medicare Beneficiaries (QMBs), and Specified Low-Income Medicare Beneficiaries (SLMBs).

To the best of your knowledge:

(1) Do you have another Medicare supplement policy or certificate in force?

(a) If so, with which company?

(b) If so, do you intend to replace your current Medicare supplement policy with this policy or certificate?

(2) Do you have any other health insurance policies that provide benefits which this Medicare supplement policy or certificate would duplicate?

(a) If so, please name the company.

(b) What kind of policy?

(3) Are you covered for medical assistance through the state Medicaid program? If so, which of the following programs provides coverage for you?

(a) Specified Low-Income Medicare Beneficiary (SLMB),

(b) Qualified Medicare Beneficiary (QMB), or

(c) full Medicaid Beneficiary?"

(b) Agents shall list any other health insurance policies they have sold to the applicant.

(1) List policies sold that are still in force.

(2) List policies sold in the past five years that are no longer in force.

(c) In the case of a direct response issuer, a copy of the application or supplemental form, signed by the applicant, and acknowledged by the insurer, shall be returned to the applicant by the insurer on delivery of the policy or certificate.

(d) Upon determining that a sale will involve replacement of Medicare supplement coverage, any issuer, other than a direct response issuer, or its agent, shall furnish the applicant, before issuance or delivery of the Medicare supplement policy or certificate, a notice regarding replacement of Medicare supplement coverage. One copy of the notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the issuer. A direct response issuer shall deliver to the applicant at the time of the issuance of the policy or certificate the notice regarding replacement of Medicare supplement coverage.

(e) The notice required by paragraph (d) for an issuer shall be provided in substantially the following form in no less than 12-point type:

"NOTICE TO APPLICANT REGARDING REPLACEMENT OF MEDICARE SUPPLEMENT INSURANCE

(Insurance company's name and address)

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to (your application) (information you have furnished), you intend to terminate existing Medicare supplement insurance and replace it with a policy or certificate to be issued by (Company Name) Insurance Company. Your new policy or certificate will provide 30 days within which you may decide without cost whether you desire to keep the policy or certificate.

You should review this new coverage carefully. Compare it with all accident and sickness coverage you now have. If, after due consideration, you find that purchase of this Medicare supplement coverage is a wise decision you should terminate your present Medicare supplement policy. You should evaluate the need for other accident and sickness coverage you have that may duplicate this policy.

STATEMENT TO APPLICANT BY ISSUER, AGENT, (BROKER OR OTHER REPRESENTATIVE): I have reviewed your current medical or health insurance coverage. To the best of my knowledge this Medicare supplement policy will not duplicate your existing Medicare supplement policy because you intend to terminate the existing Medicare supplement policy. The replacement policy or certificate is being purchased for the following reason(s) (check one):

- ..... Additional benefits
- ..... No change in benefits, but lower premiums
- ..... Fewer benefits and lower premiums
- ..... Other (please specify)
- .....
- .....
- .....

~~(1) Health conditions which you may presently have (preexisting conditions) may not be immediately or fully covered under the new policy or certificate. This could result in denial or delay of a claim for benefits under the new policy or certificate, whereas a similar claim might have been payable under your present policy or certificate.~~

~~(2) State law provides that your replacement policy or certificate may not contain new preexisting conditions, waiting periods, elimination periods, or probationary periods. The insurer will waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, or probationary periods in the new policy (or coverage) for similar benefits to the extent the time was spent (depleted) under the original policy or certificate.~~

~~(3) If you still wish to terminate your present policy or certificate and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy or certificate had never been in force. After the application has been completed and before you sign it, review it carefully to be certain that all information has been properly recorded. (If the policy or certificate is guaranteed issue, this paragraph need not appear.)~~

Do not cancel your present policy or certificate until you have received your new policy or certificate and you are sure that you want to keep it.

.....  
(Signature of Agent, Broker, or Other Representative)\*

.....  
(Typed Name and Address of Issuer, Agent, or Broker)

.....  
(Date)

.....  
(Applicant's Signature)

.....  
(Date)

\*Signature not required for direct response sales."

~~(f) Paragraph (e), clauses (1) and (2), of the replacement notice (applicable to preexisting conditions) may be deleted by an issuer if the replacement does not involve application of a new preexisting condition limitation.~~

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 16. Minnesota Statutes 2022, section 62D.02, is amended by adding a subdivision to read:

Subd. 17. **Preventive items and services.** "Preventive items and services" has the meaning given in section 62Q.46, subdivision 1, paragraph (a).

Sec. 17. Minnesota Statutes 2022, section 62D.095, subdivision 2, is amended to read:

Subd. 2. **Co-payments.** A health maintenance contract may impose a co-payment and coinsurance consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a, and for items and services that are not preventive items and services.

Sec. 18. Minnesota Statutes 2022, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** A health maintenance contract ~~may~~ must not impose a deductible ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a~~ for preventive items and services.

Sec. 19. Minnesota Statutes 2022, section 62D.095, subdivision 5, is amended to read:

Subd. 5. **Exceptions.** ~~No~~ Co-payments or deductibles ~~may~~ must not be imposed on preventive health care items and services ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.~~

Sec. 20. Minnesota Statutes 2022, section 62J.26, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given unless the context otherwise requires:

(1) "commissioner" means the commissioner of commerce;

(2) "enrollee" has the meaning given in section 62Q.01, subdivision 2b;

(3) "health plan" means a health plan as defined in section 62A.011, subdivision 3, but includes coverage listed in clauses (7) and (10) of that definition;

(4) "mandated health benefit proposal" or "proposal" means a proposal that would statutorily require a health plan company to do the following:

(i) provide coverage or increase the amount of coverage for the treatment of a particular disease, condition, or other health care need;

(ii) provide coverage or increase the amount of coverage of a particular type of health care treatment or service or of equipment, supplies, or drugs used in connection with a health care treatment or service;

(iii) provide coverage for care delivered by a specific type of provider;

(iv) require a particular benefit design or impose conditions on cost-sharing for:

(A) the treatment of a particular disease, condition, or other health care need;

(B) a particular type of health care treatment or service; or

(C) the provision of medical equipment, supplies, or a prescription drug used in connection with treating a particular disease, condition, or other health care need; or

(v) impose limits or conditions on a contract between a health plan company and a health care provider.

(b) "Mandated health benefit proposal" does not include health benefit proposals:

(1) amending the scope of practice of a licensed health care professional; or

(2) that make state law consistent with federal law.

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

Sec. 21. Minnesota Statutes 2022, section 62J.26, subdivision 2, is amended to read:

Subd. 2. **Evaluation process and content.** (a) The commissioner, in consultation with the commissioners of health and management and budget, must evaluate all mandated health benefit proposals as provided under subdivision 3.

(b) The purpose of the evaluation is to provide the legislature with a complete and timely analysis of all ramifications of any mandated health benefit proposal. The evaluation must include, in addition to other relevant information, the following to the extent applicable:

(1) scientific and medical information on the mandated health benefit proposal, on the potential for harm or benefit to the patient, and on the comparative benefit or harm from alternative forms of treatment, and must include the results of at least one professionally accepted and controlled trial comparing the medical consequences of the proposed therapy, alternative therapy, and no therapy;

(2) public health, economic, and fiscal impacts of the mandated health benefit proposal on persons receiving health services in Minnesota, on the relative cost-effectiveness of the proposal, and on the health care system in general;

(3) the extent to which the treatment, service, equipment, or drug is generally utilized by a significant portion of the population;

(4) the extent to which insurance coverage for the mandated health benefit proposal is already generally available;

(5) the extent to which the mandated health benefit proposal, by health plan category, would apply to the benefits offered to the health plan's enrollees;

(6) the extent to which the mandated health benefit proposal will increase or decrease the cost of the treatment, service, equipment, or drug;

(7) the extent to which the mandated health benefit proposal may increase enrollee premiums; and

(8) if the proposal applies to a qualified health plan as defined in section 62A.011, subdivision 7, the cost to the state to defray the cost of the mandated health benefit proposal using commercial market reimbursement rates in accordance with Code of Federal Regulations, title 45, section ~~155.70~~ 155.170.

(c) The commissioner shall consider actuarial analysis done by health plan companies and any other proponent or opponent of the mandated health benefit proposal in determining the cost of the proposal.

(d) The commissioner must summarize the nature and quality of available information on these issues, and, if possible, must provide preliminary information to the public. The commissioner may conduct research on these issues or may determine that existing research is sufficient to meet the informational needs of the legislature. The commissioner may seek the assistance and advice of researchers, community leaders, or other persons or organizations with relevant expertise. The commissioner must provide the public with at least 45 days' notice when requesting information pursuant to this section. The commissioner must notify the chief authors of a bill when a request for information is issued.

(e) Information submitted to the commissioner pursuant to this section that meets the definition of trade secret information, as defined in section 13.37, subdivision 1, paragraph (b), is nonpublic data.

Sec. 22. **[62J.841] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 62J.841 to 62J.845, the following definitions apply.

Subd. 2. **Consumer Price Index.** "Consumer Price Index" means the Consumer Price Index, Annual Average, for All Urban Consumers, CPI-U: U.S. City Average, All Items, reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor or, if the index is discontinued, an equivalent index reported by a federal authority or, if no such index is reported, "Consumer Price Index" means a comparable index chosen by the Bureau of Labor Statistics.

Subd. 3. **Generic or off-patent drug.** "Generic or off-patent drug" means any prescription drug for which any exclusive marketing rights granted under the Federal Food, Drug, and Cosmetic Act, section 351 of the federal Public Health Service Act, and federal patent law have expired, including any drug-device combination product for the delivery of a generic drug.

Subd. 4. **Manufacturer.** "Manufacturer" has the meaning given in section 151.01, subdivision 14a, but does not include an entity that must be licensed solely because the entity repackages or relabels drugs.

Subd. 5. **Prescription drug.** "Prescription drug" means a drug for human use subject to United States Code, title 21, section 353(b)(1).

Subd. 6. **Wholesale acquisition cost.** "Wholesale acquisition cost" has the meaning provided in United States Code, title 42, section 1395w-3a.

Subd. 7. **Wholesale distributor.** "Wholesale distributor" has the meaning provided in section 151.441, subdivision 14.

Sec. 23. **[62J.842] EXCESSIVE PRICE INCREASES PROHIBITED.**

Subdivision 1. **Prohibition.** No manufacturer shall impose, or cause to be imposed, an excessive price increase, whether directly or through a wholesale distributor, pharmacy, or similar intermediary, on the sale of any generic or off-patent drug sold, dispensed, or delivered to any consumer in the state.

Subd. 2. **Excessive price increase.** A price increase is excessive for purposes of this section when:

(1) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds:

(i) 15 percent of the wholesale acquisition cost over the immediately preceding calendar year;

or

(ii) 40 percent of the wholesale acquisition cost over the immediately preceding three calendar years; and

(2) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds \$30 for:

(i) a 30-day supply of the drug; or

(ii) a course of treatment lasting less than 30 days.

Subd. 3. **Exemption.** It is not a violation of this section for a wholesale distributor or pharmacy to increase the price of a generic or off-patent drug if the price increase is directly attributable to additional costs for the drug imposed on the wholesale distributor or pharmacy by the manufacturer of the drug.

#### Sec. 24. **[62J.843] REGISTERED AGENT AND OFFICE WITHIN THE STATE.**

Any manufacturer that sells, distributes, delivers, or offers for sale any generic or off-patent drug in the state must maintain a registered agent and office within the state.

#### Sec. 25. **[62J.844] ENFORCEMENT.**

Subdivision 1. **Notification.** (a) The commissioner of health shall notify the manufacturer of a generic or off-patent drug and the attorney general of any price increase that the commissioner believes may violate section 62J.842.

(b) The commissioner of management and budget and any other state agency that provides or purchases a pharmacy benefit except the Department of Human Services, and any entity under contract with a state agency to provide a pharmacy benefit other than an entity under contract with the Department of Human Services, may notify the manufacturer of a generic or off-patent drug and the attorney general of any price increase that the commissioner or entity believes may violate section 62J.842.

Subd. 2. **Submission of drug cost statement and other information by manufacturer; investigation by attorney general.** (a) Within 45 days of receiving a notice under subdivision 1, the manufacturer of the generic or off-patent drug shall submit a drug cost statement to the attorney general. The statement must:

(1) itemize the cost components related to production of the drug;

(2) identify the circumstances and timing of any increase in materials or manufacturing costs that caused any increase during the preceding calendar year, or preceding three calendar years as applicable, in the price of the drug; and

(3) provide any other information that the manufacturer believes to be relevant to a determination of whether a violation of section 62J.842 has occurred.

(b) The attorney general may investigate whether a violation of section 62J.842 has occurred, in accordance with section 8.31, subdivision 2.

Subd. 3. **Petition to court.** (a) On petition of the attorney general, a court may issue an order:

(1) compelling the manufacturer of a generic or off-patent drug to:

(i) provide the drug cost statement required under subdivision 2, paragraph (a); and

(ii) answer interrogatories, produce records or documents, or be examined under oath, as required by the attorney general under subdivision 2, paragraph (b);

(2) restraining or enjoining a violation of sections 62J.841 to 62J.845, including issuing an order requiring that drug prices be restored to levels that comply with section 62J.842;

(3) requiring the manufacturer to provide an accounting to the attorney general of all revenues resulting from a violation of section 62J.842;

(4) requiring the manufacturer to repay to all Minnesota consumers, including any third-party payers, any money acquired as a result of a price increase that violates section 62J.842;

(5) notwithstanding section 16A.151, requiring that all revenues generated from a violation of section 62J.842 be remitted to the state and deposited into a special fund, to be used for initiatives to reduce the cost to consumers of acquiring prescription drugs, if a manufacturer is unable to determine the individual transactions necessary to provide the repayments described in clause (4);

(6) imposing a civil penalty of up to \$10,000 per day for each violation of section 62J.842;

(7) providing for the attorney general's recovery of costs and disbursements incurred in bringing an action against a manufacturer found in violation of section 62J.842, including the costs of investigation and reasonable attorney's fees; and

(8) providing any other appropriate relief, including any other equitable relief as determined by the court.

(b) For purposes of paragraph (a), clause (6), every individual transaction in violation of section 62J.842 is considered a separate violation.

Subd. 4. **Private right of action.** Any action brought pursuant to section 8.31, subdivision 3a, by a person injured by a violation of section 62J.842 is for the benefit of the public.

Sec. 26. **[62J.845] PROHIBITION ON WITHDRAWAL OF GENERIC OR OFF-PATENT DRUGS FOR SALE.**

Subdivision 1. **Prohibition.** A manufacturer of a generic or off-patent drug is prohibited from withdrawing that drug from sale or distribution within this state for the purpose of avoiding the prohibition on excessive price increases under section 62J.842.

Subd. 2. **Notice to board and attorney general.** Any manufacturer that intends to withdraw a generic or off-patent drug from sale or distribution within the state shall provide a written notice of withdrawal to the attorney general at least 90 days prior to the withdrawal.

Subd. 3. **Financial penalty.** The attorney general shall assess a penalty of \$500,000 on any manufacturer of a generic or off-patent drug that the attorney general determines has failed to comply with the requirements of this section.

Sec. 27. **[62J.846] SEVERABILITY.**

If any provision of sections 62J.841 to 62J.845 or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.841 to 62J.845 that can be given effect without the invalid provision or application.

Sec. 28. **[62J.85] CITATION.**

Sections 62J.85 to 62J.95 may be cited as the "Prescription Drug Affordability Act."

Sec. 29. **[62J.86] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of sections 62J.85 to 62J.95, the following terms have the meanings given.

Subd. 2. **Advisory council.** "Advisory council" means the Prescription Drug Affordability Advisory Council established under section 62J.88.

Subd. 3. **Biologic.** "Biologic" means a drug that is produced or distributed in accordance with a biologics license application approved under Code of Federal Regulations, title 42, section 447.502.

Subd. 4. **Biosimilar.** "Biosimilar" has the meaning provided in section 62J.84, subdivision 2, paragraph (b).

Subd. 5. **Board.** "Board" means the Prescription Drug Affordability Board established under section 62J.87.

Subd. 6. **Brand name drug.** "Brand name drug" means a drug that is produced or distributed pursuant to:

(1) a new drug application approved under United States Code, title 21, section 355(c), except for a generic drug as defined under Code of Federal Regulations, title 42, section 447.502; or

(2) a biologics license application approved under United States Code, title 45, section 262(a)(c).

Subd. 7. **Generic drug.** "Generic drug" has the meaning provided in section 62J.84, subdivision 2, paragraph (e).

Subd. 8. **Group purchaser.** "Group purchaser" has the meaning given in section 62J.03, subdivision 6, and includes pharmacy benefit managers, as defined in section 62W.02, subdivision 15.

Subd. 9. **Manufacturer.** "Manufacturer" means an entity that:

(1) engages in the manufacture of a prescription drug product or enters into a lease with another manufacturer to market and distribute a prescription drug product under the entity's own name; and

(2) sets or changes the wholesale acquisition cost of the prescription drug product it manufactures or markets.

Subd. 10. **Prescription drug product.** "Prescription drug product" means a brand name drug, a generic drug, a biologic, or a biosimilar.

Subd. 11. **Wholesale acquisition cost or WAC.** "Wholesale acquisition cost" or "WAC" has the meaning given in United States Code, title 42, section 1395W-3a(c)(6)(B).

Sec. 30. **[62J.87] PRESCRIPTION DRUG AFFORDABILITY BOARD.**

Subdivision 1. **Establishment.** The commissioner of commerce shall establish the Prescription Drug Affordability Board, which shall be governed as a board under section 15.012, paragraph (a), to protect consumers, state and local governments, health plan companies, providers, pharmacies, and other health care system stakeholders from unaffordable costs of certain prescription drugs.

Subd. 2. **Membership.** (a) The Prescription Drug Affordability Board consists of nine members appointed as follows:

(1) seven voting members appointed by the governor;

(2) one nonvoting member appointed by the majority leader of the senate; and

(3) one nonvoting member appointed by the speaker of the house.

(b) All members appointed must have knowledge and demonstrated expertise in pharmaceutical economics and finance or health care economics and finance. A member must not be an employee of, a board member of, or a consultant to a manufacturer or trade association for manufacturers, or a pharmacy benefit manager or trade association for pharmacy benefit managers.

(c) Initial appointments must be made by January 1, 2024.

Subd. 3. **Terms.** (a) Board appointees shall serve four-year terms, except that initial appointees shall serve staggered terms of two, three, or four years as determined by lot by the secretary of state. A board member shall serve no more than two consecutive terms.

(b) A board member may resign at any time by giving written notice to the board.

Subd. 4. **Chair; other officers.** (a) The governor shall designate an acting chair from the members appointed by the governor.

(b) The board shall elect a chair to replace the acting chair at the first meeting of the board by a majority of the members. The chair shall serve for one year.

(c) The board shall elect a vice-chair and other officers from its membership as it deems necessary.

Subd. 5. **Staff; technical assistance.** (a) The board shall hire an executive director and other staff, who shall serve in the unclassified service. The executive director must have knowledge and demonstrated expertise in pharmacoeconomics, pharmacology, health policy, health services research, medicine, or a related field or discipline.

(b) The commissioner of health shall provide technical assistance to the board. The board may also employ or contract for professional and technical assistance as the board deems necessary to perform the board's duties.

(c) The attorney general shall provide legal services to the board.

Subd. 6. **Compensation.** The board members shall not receive compensation but may receive reimbursement for expenses as authorized under section 15.059, subdivision 3.

Subd. 7. **Meetings.** (a) Meetings of the board are subject to chapter 13D. The board shall meet publicly at least every three months to review prescription drug product information submitted to the board under section 62J.90. If there are no pending submissions, the chair of the board may cancel or postpone the required meeting. The board may meet in closed session when reviewing proprietary information, as determined under the standards developed in accordance with section 62J.91, subdivision 3.

(b) The board shall announce each public meeting at least three weeks prior to the scheduled date of the meeting. Any materials for the meeting shall be made public at least two weeks prior to the scheduled date of the meeting.

(c) At each public meeting, the board shall provide the opportunity for comments from the public, including the opportunity for written comments to be submitted to the board prior to a decision by the board.

**Sec. 31. [62J.88] PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The governor shall appoint a 18-member stakeholder advisory council to provide advice to the board on drug cost issues and to represent stakeholders' views. The governor shall appoint the members of the advisory council based on the members' knowledge and demonstrated expertise in one or more of the following areas: the pharmaceutical business; practice of medicine; patient perspectives; health care cost trends and drivers; clinical and health services research; and the health care marketplace.

Subd. 2. **Membership.** The council's membership shall consist of the following:

(1) two members representing patients and health care consumers;

- (2) two members representing health care providers;
- (3) one member representing health plan companies;
- (4) two members representing employers, with one member representing large employers and one member representing small employers;
- (5) one member representing government employee benefit plans;
- (6) one member representing pharmaceutical manufacturers;
- (7) one member who is a health services clinical researcher;
- (8) one member who is a pharmacologist;
- (9) one member representing the commissioner of health with expertise in health economics;
- (10) one member representing pharmaceutical wholesalers;
- (11) one member representing pharmacy benefit managers;
- (12) one member from the Rare Disease Advisory Council;
- (13) one member representing generic drug manufacturers;
- (14) one member representing pharmaceutical distributors; and
- (15) one member who is an oncologist who is not employed by, under contract with, or otherwise affiliated with a hospital.

Subd. 3. **Terms.** (a) The initial appointments to the advisory council must be made by January 1, 2024. The initial appointed advisory council members shall serve staggered terms of two, three, or four years, determined by lot by the secretary of state. Following the initial appointments, the advisory council members shall serve four-year terms.

(b) Removal and vacancies of advisory council members shall be governed by section 15.059.

Subd. 4. **Compensation.** Advisory council members may be compensated according to section 15.059, except that those advisory council members designated in subdivision 2, clauses (10) to (15), must not be compensated.

Subd. 5. **Meetings.** Meetings of the advisory council are subject to chapter 13D. The advisory council shall meet publicly at least every three months to advise the board on drug cost issues related to the prescription drug product information submitted to the board under section 62J.90.

Subd. 6. **Exemption.** Notwithstanding section 15.059, the advisory council shall not expire.

Sec. 32. **[62J.89] CONFLICTS OF INTEREST.**

Subdivision 1. **Definition.** For purposes of this section, "conflict of interest" means a financial or personal association that has the potential to bias or have the appearance of biasing a person's

decisions in matters related to the board, the advisory council, or in the conduct of the board's or council's activities. A conflict of interest includes any instance in which a person, a person's immediate family member, including a spouse, parent, child, or other legal dependent, or an in-law of any of the preceding individuals, has received or could receive a direct or indirect financial benefit of any amount deriving from the result or findings of a decision or determination of the board. For purposes of this section, a financial benefit includes honoraria, fees, stock, the value of the member's, immediate family member's, or in-law's stock holdings, and any direct financial benefit deriving from the finding of a review conducted under sections 62J.85 to 62J.95. Ownership of securities is not a conflict of interest if the securities are: (1) part of a diversified mutual or exchange traded fund; or (2) in a tax-deferred or tax-exempt retirement account that is administered by an independent trustee.

Subd. 2. **General.** (a) Prior to the acceptance of an appointment or employment, or prior to entering into a contractual agreement, a board or advisory council member, board staff member, or third-party contractor must disclose to the appointing authority or the board any conflicts of interest. The information disclosed must include the type, nature, and magnitude of the interests involved.

(b) A board member, board staff member, or third-party contractor with a conflict of interest with regard to any prescription drug product under review must recuse themselves from any discussion, review, decision, or determination made by the board relating to the prescription drug product.

(c) Any conflict of interest must be disclosed in advance of the first meeting after the conflict is identified or within five days after the conflict is identified, whichever is earlier.

Subd. 3. **Prohibitions.** Board members, board staff, or third-party contractors are prohibited from accepting gifts, bequeaths, or donations of services or property that raise the specter of a conflict of interest or have the appearance of injecting bias into the activities of the board.

Sec. 33. **[62J.90] PRESCRIPTION DRUG PRICE INFORMATION; DECISION TO CONDUCT COST REVIEW.**

Subdivision 1. **Drug price information from the commissioner of health and other sources.**

(a) The commissioner of health shall provide to the board the information reported to the commissioner by drug manufacturers under section 62J.84, subdivisions 3, 4, and 5. The commissioner shall provide this information to the board within 30 days of the date the information is received from drug manufacturers.

(b) The board may subscribe to one or more prescription drug pricing files, such as Medispan or FirstDatabank, or as otherwise determined by the board.

Subd. 2. **Identification of certain prescription drug products.** (a) The board, in consultation with the advisory council, shall identify selected prescription drug products based on the following criteria:

(1) brand name drugs or biologics for which the WAC increases by more than 15 percent or by more than \$3,000 during any 12-month period or course of treatment if less than 12 months, after adjusting for changes in the consumer price index (CPI);

(2) brand name drugs or biologics with a WAC of \$60,000 or more per calendar year or per course of treatment;

(3) biosimilar drugs that have a WAC that is not at least 20 percent lower than the referenced brand name biologic at the time the biosimilar is introduced; and

(4) generic drugs for which the WAC:

(i) is \$100 or more, after adjusting for changes in the CPI, for:

(A) a 30-day supply;

(B) a course of treatment lasting less than 30 days; or

(C) one unit of the drug, if the labeling approved by the Food and Drug Administration does not recommend a finite dosage; and

(ii) increased by 200 percent or more during the immediate preceding 12-month period, as determined by the difference between the resulting WAC and the average WAC reported over the preceding 12 months, after adjusting for changes in the CPI.

The board is not required to identify all prescription drug products that meet the criteria in this paragraph.

(b) The board, in consultation with the advisory council and the commissioner of health, may identify prescription drug products not described in paragraph (a) that may impose costs that create significant affordability challenges for the state health care system or for patients, including but not limited to drugs to address public health emergencies.

(c) The board shall make available to the public the names and related price information of the prescription drug products identified under this subdivision, with the exception of information determined by the board to be proprietary under the standards developed by the board under section 62J.91, subdivision 3, and information provided by the commissioner of health classified as not public data under section 13.02, subdivision 8a, or as trade secret information under section 13.37, subdivision 1, paragraph (b), or as trade secret information under the Defend Trade Secrets Act of 2016, United States Code, title 18, section 1836, as amended.

Subd. 3. **Determination to proceed with review.** (a) The board may initiate a cost review of a prescription drug product identified by the board under this section.

(b) The board shall consider requests by the public for the board to proceed with a cost review of any prescription drug product identified under this section.

(c) If there is no consensus among the members of the board on whether to initiate a cost review of a prescription drug product, any member of the board may request a vote to determine whether to review the cost of the prescription drug product.

Sec. 34. **[62J.91] PRESCRIPTION DRUG PRODUCT REVIEWS.**

Subdivision 1. **General.** Once a decision by the board has been made to proceed with a cost review of a prescription drug product, the board shall conduct the review and make a determination as to whether appropriate utilization of the prescription drug under review, based on utilization that is consistent with the United States Food and Drug Administration (FDA) label or standard medical practice, has led or will lead to affordability challenges for the state health care system or for patients.

Subd. 2. **Review considerations.** In reviewing the cost of a prescription drug product, the board may consider the following factors:

- (1) the price at which the prescription drug product has been and will be sold in the state;
- (2) manufacturer monetary price concessions, discounts, or rebates, and drug-specific patient assistance;
- (3) the price of therapeutic alternatives;
- (4) the cost to group purchasers based on patient access consistent with the FDA-labeled indications and standard medical practice;
- (5) measures of patient access, including cost-sharing and other metrics;
- (6) the extent to which the attorney general or a court has determined that a price increase for a generic or off-patent prescription drug product was excessive under sections 62J.842 and 62J.844;
- (7) any information a manufacturer chooses to provide; and
- (8) any other factors as determined by the board.

Subd. 3. **Public data; proprietary information.** (a) Any submission made to the board related to a drug cost review must be made available to the public with the exception of information determined by the board to be proprietary and information provided by the commissioner of health classified as not public data under section 13.02, subdivision 8a, or as trade secret information under section 13.37, subdivision 1, paragraph (b), or as trade secret information under the Defend Trade Secrets Act of 2016, United States Code, title 18, section 1836, as amended.

(b) The board shall establish the standards for the information to be considered proprietary under paragraph (a) and section 62J.90, subdivision 2, including standards for heightened consideration of proprietary information for submissions for a cost review of a drug that is not yet approved by the FDA.

(c) Prior to the board establishing the standards under paragraph (b), the public shall be provided notice and the opportunity to submit comments.

(d) The establishment of standards under this subdivision is exempt from the rulemaking requirements under chapter 14, and section 14.386 does not apply.

**Sec. 35. [62J.92] DETERMINATIONS; COMPLIANCE; REMEDIES.**

Subdivision 1. **Upper payment limit.** (a) In the event the board finds that the spending on a prescription drug product reviewed under section 62J.91 creates an affordability challenge for the

state health care system or for patients, the board shall establish an upper payment limit after considering:

(1) extraordinary supply costs, if applicable;

(2) the range of prices at which the drug is sold in the United States according to one or more pricing files accessed under section 62J.90, subdivision 1, and the range at which pharmacies are reimbursed in Canada; and

(3) any other relevant pricing and administrative cost information for the drug.

(b) An upper payment limit applies to all purchases of, and payer reimbursements for, a prescription drug that is dispensed or administered to individuals in the state in person, by mail, or by other means, and for which an upper payment limit has been established.

(c) In determining whether a drug creates an affordability challenge or determining an upper payment limit amount, the board may not use cost-effectiveness analyses that include the cost-per-quality adjusted life year or similar measure to identify subpopulations for which a treatment would be less cost-effective due to severity of illness, age, or pre-existing disability. For any treatment that extends life, if the board uses cost-effectiveness results, it must use results that weigh the value of all additional lifetime gained equally for all patients no matter their severity of illness, age, or pre-existing disability.

Subd. 2. **Implementation and administration of the upper payment limit.** (a) An upper payment limit may take effect no sooner than 120 days following the date of its public release by the board.

(b) When setting an upper payment limit for a drug subject to the Medicare maximum fair price under United States Code, title 42, section 1191(c), the board shall set the upper payment limit at the Medicare maximum fair price.

(c) Health plan companies and pharmacy benefit managers shall report annually to the board, in the form and manner specified by the board, on how cost savings resulting from the establishment of an upper payment limit have been used by the health plan company or pharmacy benefit manager to benefit enrollees, including but not limited to reducing enrollee cost-sharing.

Subd. 3. **Noncompliance.** (a) The board shall, and other persons may, notify the Office of the Attorney General of a potential failure by an entity subject to an upper payment limit to comply with that limit.

(b) If the Office of the Attorney General finds that an entity was noncompliant with the upper payment limit requirements, the attorney general may pursue remedies consistent with chapter 8 or appropriate criminal charges if there is evidence of intentional profiteering.

(c) An entity who obtains price concessions from a drug manufacturer that result in a lower net cost to the stakeholder than the upper payment limit established by the board is not considered noncompliant.

(d) The Office of the Attorney General may provide guidance to stakeholders concerning activities that could be considered noncompliant.

Subd. 4. **Appeals.** (a) Persons affected by a decision of the board may request an appeal of the board's decision within 30 days of the date of the decision. The board shall hear the appeal and render a decision within 60 days of the hearing.

(b) All appeal decisions are subject to judicial review in accordance with chapter 14.

Sec. 36. **[62J.93] REPORTS.**

Beginning March 1, 2024, and each March 1 thereafter, the board shall submit a report to the governor and legislature on general price trends for prescription drug products and the number of prescription drug products that were subject to the board's cost review and analysis, including the result of any analysis as well as the number and disposition of appeals and judicial reviews.

Sec. 37. **[62J.94] ERISA PLANS AND MEDICARE DRUG PLANS.**

(a) Nothing in sections 62J.85 to 62J.95 shall be construed to require ERISA plans or Medicare Part D plans to comply with decisions of the board. ERISA plans or Medicare Part D plans are free to choose to exceed the upper payment limit established by the board under section 62J.92.

(b) Providers who dispense and administer drugs in the state must bill all payers no more than the upper payment limit without regard to whether an ERISA plan or Medicare Part D plan chooses to reimburse the provider in an amount greater than the upper payment limit established by the board.

(c) For purposes of this section, an ERISA plan or group health plan is an employee welfare benefit plan established by or maintained by an employer or an employee organization, or both, that provides employer sponsored health coverage to employees and the employee's dependents and is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Sec. 38. **[62J.95] SEVERABILITY.**

If any provision of sections 62J.85 to 62J.94 or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.85 to 62J.94 that can be given effect without the invalid provision or application.

Sec. 39. Minnesota Statutes 2022, section 62K.10, subdivision 4, is amended to read:

Subd. 4. **Network adequacy.** (a) Each designated provider network must include a sufficient number and type of providers, including providers that specialize in mental health and substance use disorder services, to ensure that covered services are available to all enrollees without unreasonable delay. In determining network adequacy, the commissioner of health shall consider availability of services, including the following:

(1) primary care physician services are available and accessible 24 hours per day, seven days per week, within the network area;

(2) a sufficient number of primary care physicians have hospital admitting privileges at one or more participating hospitals within the network area so that necessary admissions are made on a timely basis consistent with generally accepted practice parameters;

(3) specialty physician service is available through the network or contract arrangement;

(4) mental health and substance use disorder treatment providers, including but not limited to psychiatric residential treatment facilities, are available and accessible through the network or contract arrangement;

(5) to the extent that primary care services are provided through primary care providers other than physicians, and to the extent permitted under applicable scope of practice in state law for a given provider, these services shall be available and accessible; and

(6) the network has available, either directly or through arrangements, appropriate and sufficient personnel, physical resources, and equipment to meet the projected needs of enrollees for covered health care services.

(b) The commissioner must determine network sufficiency in a manner that is consistent with the requirements of this section and may establish sufficiency by referencing any reasonable criteria, which may include but is not limited to:

(1) provider-covered person ratios by specialty;

(2) primary care professional-covered person ratios;

(3) geographic accessibility of providers;

(4) geographic variation and population dispersion;

(5) waiting times for an appointment with participating providers;

(6) hours of operation;

(7) the ability of the network to meet the needs of covered persons, which may include:

(i) low-income persons;

(ii) children and adults with serious, chronic, or complex health conditions, physical disabilities, or mental illness; or

(iii) persons with limited English proficiency and persons from underserved communities;

(8) other health care service delivery system options, including telemedicine or telehealth, mobile clinics, centers of excellence, and other ways of delivering care; and

(9) the volume of technological and specialty care services available to serve the needs of covered persons that need technologically advanced or specialty care services.

**EFFECTIVE DATE.** The amendment to paragraph (a) is effective July 1, 2023. Paragraph (b) is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 40. Minnesota Statutes 2022, section 62Q.096, is amended to read:

**62Q.096 CREDENTIALING OF PROVIDERS.**

(a) If a health plan company has initially credentialed, as providers in its provider network, individual providers employed by or under contract with an entity that:

- (1) is authorized to bill under section 256B.0625, subdivision 5;
- (2) is a mental health clinic certified under section 245I.20;
- (3) is designated an essential community provider under section 62Q.19; and

(4) is under contract with the health plan company to provide mental health services, the health plan company must continue to credential at least the same number of providers from that entity, as long as those providers meet the health plan company's credentialing standards.

(b) In order to ensure timely access by patients to mental health services, between July 1, 2023, and June 30, 2025, a health plan company must credential and enter into a contract for mental health services with any provider of mental health services that:

(1) meets the health plan company's credential requirements. For purposes of credentialing under this paragraph, a health plan company may waive credentialing requirements that are not directly related to quality of care in order to ensure patient access to providers from underserved communities or to providers in rural areas;

(2) seeks to receive a credential from the health plan company;

(3) agrees to the health plan company's contract terms. The contract shall include payment rates that are usual and customary for the services provided;

(4) is accepting new patients; and

(5) is not already under a contract with the health plan company under a separate tax identification number or, if already under a contract with the health plan company, has provided notice to the health plan company of termination of the existing contract.

(c) A health plan company shall not refuse to credential these providers on the grounds that their provider network has:

(1) a sufficient number of providers of that type, including but not limited to the provider types identified in paragraph (a); or

(2) a sufficient number of providers of mental health services in the aggregate.

Sec. 41. Minnesota Statutes 2022, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax-exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian Tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions;

(5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:

(i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;

(ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and

(iii) consists of 40 or fewer licensed beds;

(6) a birth center licensed under section 144.615; ~~or~~

(7) a hospital and affiliated specialty clinics that predominantly serve patients who are under 21 years of age and meet the following criteria:

(i) provide intensive specialty pediatric services that are routinely provided in fewer than five hospitals in the state; and

(ii) serve children from at least one-half of the counties in the state; or

(8) a psychiatric residential treatment facility, as defined in section 256B.0625, subdivision 45a, paragraph (b), that is certified by the commissioner of health and licensed by the commissioner of human services.

(b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

**EFFECTIVE DATE.** This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 42. Minnesota Statutes 2022, section 62Q.46, subdivision 1, is amended to read:

Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and services" has the meaning specified in the Affordable Care Act. Preventive items and services includes:

(1) evidence-based items or services that have in effect a rating of A or B in the current recommendations of the United States Preventive Services Task Force with respect to the individual involved;

(2) immunizations for routine use in children, adolescents, and adults that have in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved. For purposes of this clause, a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention is considered in effect after the recommendation has been adopted by the Director of the Centers for Disease Control and Prevention, and a recommendation is considered to be for routine use if the recommendation is listed on the Immunization Schedules of the Centers for Disease Control and Prevention;

(3) with respect to infants, children, and adolescents, evidence-informed preventive care and screenings provided for in comprehensive guidelines supported by the Health Resources and Services Administration;

(4) with respect to women, additional preventive care and screenings that are not listed with a rating of A or B by the United States Preventive Services Task Force but that are provided for in comprehensive guidelines supported by the Health Resources and Services Administration;

(5) all contraceptive methods established in guidelines published by the United States Food and Drug Administration;

(6) screenings for human immunodeficiency virus for:

(i) all individuals at least 15 years of age but less than 65 years of age; and

(ii) all other individuals with increased risk of human immunodeficiency virus infection according to guidance from the Centers for Disease Control;

(7) all preexposure prophylaxis when used for the prevention or treatment of human immunodeficiency virus, including but not limited to all preexposure prophylaxis, as defined in any guidance by the United States Preventive Services Task Force or the Centers for Disease Control, including the June 11, 2019, Preexposure Prophylaxis for the Prevention of HIV Infection United States Preventive Services Task Force Recommendation Statement; and

(8) all postexposure prophylaxis when used for the prevention or treatment of human immunodeficiency virus, including but not limited to all postexposure prophylaxis as defined in any guidance by the United States Preventive Services Task Force or the Centers for Disease Control.

(b) A health plan company must provide coverage for preventive items and services at a participating provider without imposing cost-sharing requirements, including a deductible, coinsurance, or co-payment. Nothing in this section prohibits a health plan company that has a network of providers from excluding coverage or imposing cost-sharing requirements for preventive items or services that are delivered by an out-of-network provider.

(c) A health plan company is not required to provide coverage for any items or services specified in any recommendation or guideline described in paragraph (a) if the recommendation or guideline is no longer included as a preventive item or service as defined in paragraph (a). Annually, a health plan company must determine whether any additional items or services must be covered without cost-sharing requirements or whether any items or services are no longer required to be covered.

(d) Nothing in this section prevents a health plan company from using reasonable medical management techniques to determine the frequency, method, treatment, or setting for a preventive item or service to the extent not specified in the recommendation or guideline.

(e) This section does not apply to grandfathered plans.

(f) This section does not apply to plans offered by the Minnesota Comprehensive Health Association.

Sec. 43. Minnesota Statutes 2022, section 62Q.46, subdivision 3, is amended to read:

Subd. 3. **Additional services not prohibited.** Nothing in this section prohibits a health plan company from providing coverage for preventive items and services in addition to those specified ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), or from denying coverage for preventive items and services that are not recommended as preventive items and services specified under the Affordable Care Act subdivision 1, paragraph (a). A health plan company may impose cost-sharing requirements for a treatment not described ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), even if the treatment results from a preventive item or service described ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a).

Sec. 44. [62Q.465] MENTAL HEALTH PARITY AND SUBSTANCE ABUSE ACCOUNTABILITY OFFICE.

(a) The Mental Health Parity and Substance Abuse Accountability Office is established within the Department of Commerce to create and execute effective strategies for implementing the requirements under:

(1) section 62Q.47;

(2) the federal Mental Health Parity Act of 1996, Public Law 104-204;

(3) the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, Public Law 110-343, division C, sections 511 and 512;

(4) the Affordable Care Act, as defined under section 62A.011, subdivision 1a; and

(5) amendments made to, and federal guidance or regulations issued or adopted under, the acts listed under clauses (2) to (4).

(b) The office may oversee compliance reviews, conduct and lead stakeholder engagement, review consumer and provider complaints, and serve as a resource for ensuring health plan compliance with mental health and substance abuse requirements.

Sec. 45. Minnesota Statutes 2022, section 62Q.47, is amended to read:

**62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY SERVICES.**

(a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism, mental health, or chemical dependency services, must comply with the requirements of this section.

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6655, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health services, psychiatric residential treatment facility services, and inpatient hospital and residential chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6655, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

(d) A health plan company must not impose an NQTL with respect to mental health and substance use disorders in any classification of benefits unless, under the terms of the health plan as written and in operation, any processes, strategies, evidentiary standards, or other factors used in applying the NQTL to mental health and substance use disorders in the classification are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying the NQTL with respect to medical and surgical benefits in the same classification.

(e) All health plans must meet the requirements of the federal Mental Health Parity Act of 1996, Public Law 104-204; Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity

Act of 2008; the Affordable Care Act; and any amendments to, and federal guidance or regulations issued under, those acts.

(f) The commissioner may require information from health plan companies to confirm that mental health parity is being implemented by the health plan company. Information required may include comparisons between mental health and substance use disorder treatment and other medical conditions, including a comparison of prior authorization requirements, drug formulary design, claim denials, rehabilitation services, and other information the commissioner deems appropriate.

(g) Regardless of the health care provider's professional license, if the service provided is consistent with the provider's scope of practice and the health plan company's credentialing and contracting provisions, mental health therapy visits and medication maintenance visits shall be considered primary care visits for the purpose of applying any enrollee cost-sharing requirements imposed under the enrollee's health plan.

(h) All health plan companies offering health plans that provide coverage for alcoholism, mental health, or chemical dependency benefits shall provide reimbursement for the benefits delivered through the psychiatric Collaborative Care Model, which must include the following Current Procedural Terminology or Healthcare Common Procedure Coding System billing codes:

(1) 99492;

(2) 99493;

(3) 99494;

(4) G2214; and

(5) G0512.

This paragraph does not apply to managed care plans or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

(i) The commissioner of commerce shall update the list of codes in paragraph (h) if any alterations or additions to the billing codes for the psychiatric Collaborative Care Model are made.

(j) "Psychiatric Collaborative Care Model" means the evidence-based, integrated behavioral health service delivery method described at Federal Register, volume 81, page 80230, which includes a formal collaborative arrangement among a primary care team consisting of a primary care provider, a care manager, and a psychiatric consultant, and includes but is not limited to the following elements:

(1) care directed by the primary care team;

(2) structured care management;

(3) regular assessments of clinical status using validated tools; and

(4) modification of treatment as appropriate.

~~(h)~~ (k) By June 1 of each year, beginning June 1, 2021, the commissioner of commerce, in consultation with the commissioner of health, shall submit a report on compliance and oversight to the chairs and ranking minority members of the legislative committees with jurisdiction over health and commerce. The report must:

(1) describe the commissioner's process for reviewing health plan company compliance with United States Code, title 42, section 18031(j), any federal regulations or guidance relating to compliance and oversight, and compliance with this section and section 62Q.53;

(2) identify any enforcement actions taken by either commissioner during the preceding 12-month period regarding compliance with parity for mental health and substance use disorders benefits under state and federal law, summarizing the results of any market conduct examinations. The summary must include: (i) the number of formal enforcement actions taken; (ii) the benefit classifications examined in each enforcement action; and (iii) the subject matter of each enforcement action, including quantitative and nonquantitative treatment limitations;

(3) detail any corrective action taken by either commissioner to ensure health plan company compliance with this section, section 62Q.53, and United States Code, title 42, section 18031(j); and

(4) describe the information provided by either commissioner to the public about alcoholism, mental health, or chemical dependency parity protections under state and federal law.

The report must be written in nontechnical, readily understandable language and must be made available to the public by, among other means as the commissioners find appropriate, posting the report on department websites. Individually identifiable information must be excluded from the report, consistent with state and federal privacy protections.

**EFFECTIVE DATE.** This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

**Sec. 46. [62Q.481] COST-SHARING FOR PRESCRIPTION DRUGS AND RELATED MEDICAL SUPPLIES TO TREAT CHRONIC DISEASE.**

**Subdivision 1. Cost-sharing limits.** (a) A health plan must limit the amount of any enrollee cost-sharing for prescription drugs prescribed to treat a chronic disease to no more than: (1) \$25 per one-month supply for each prescription drug, regardless of the amount or type of medication required to fill the prescription; and (2) \$50 per month in total for all related medical supplies. The cost-sharing limit for related medical supplies does not increase with the number of chronic diseases for which an enrollee is treated. Coverage under this section shall not be subject to any deductible.

(b) If application of this section before an enrollee has met the enrollee's plan deductible results in: (1) health savings account ineligibility under United States Code, title 26, section 223; or (2) catastrophic health plan ineligibility under United States Code, title 42, section 18022(e), this section applies to the specific prescription drug or related medical supply only after the enrollee has met the enrollee's plan deductible.

**Subd. 2. Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Chronic disease" means diabetes, asthma, and allergies requiring the use of epinephrine auto-injectors.

(c) "Cost-sharing" means co-payments and coinsurance.

(d) "Related medical supplies" means syringes, insulin pens, insulin pumps, test strips, glucometers, continuous glucose monitors, epinephrine auto-injectors, asthma inhalers, and other medical supply items necessary to effectively and appropriately treat a chronic disease or administer a prescription drug prescribed to treat a chronic disease.

**EFFECTIVE DATE.** This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 47. Minnesota Statutes 2022, section 62Q.735, subdivision 1, is amended to read:

Subdivision 1. **Contract disclosure.** (a) Before requiring a health care provider to sign a contract, a health plan company shall give to the provider a complete copy of the proposed contract, including:

(1) all attachments and exhibits;

(2) operating manuals;

(3) a general description of the health plan company's health service coding guidelines and requirement for procedures and diagnoses with modifiers, and multiple procedures; and

(4) all guidelines and treatment parameters incorporated or referenced in the contract.

(b) The health plan company shall make available to the provider the fee schedule or a method or process that allows the provider to determine the fee schedule for each health care service to be provided under the contract.

~~(c) Notwithstanding paragraph (b), a health plan company that is a dental plan organization, as defined in section 62Q.76, shall disclose information related to the individual contracted provider's expected reimbursement from the dental plan organization. Nothing in this section requires a dental plan organization to disclose the plan's aggregate maximum allowable fee table used to determine other providers' fees. The contracted provider must not release this information in any way that would violate any state or federal antitrust law.~~

Sec. 48. Minnesota Statutes 2022, section 62Q.735, subdivision 5, is amended to read:

Subd. 5. **Fee schedules.** ~~(a)~~ A health plan company shall provide, upon request, any additional fees or fee schedules relevant to the particular provider's practice beyond those provided with the renewal documents for the next contract year to all participating providers, excluding claims paid under the pharmacy benefit. Health plan companies may fulfill the requirements of this section by making the full fee schedules available through a secure web portal for contracted providers.

~~(b) A dental organization may satisfy paragraph (a) by complying with section 62Q.735, subdivision 1, paragraph (c).~~

Sec. 49. Minnesota Statutes 2022, section 62Q.76, is amended by adding a subdivision to read:

Subd. 9. **Third party.** "Third party" means a person or entity that enters into a contract with a dental organization or with another third party to gain access to the dental care services or contractual discounts under a dental provider contract. Third party does not include an enrollee of a dental organization or an employer or other group for whom the dental organization provides administrative services.

Sec. 50. Minnesota Statutes 2022, section 62Q.78, is amended by adding a subdivision to read:

Subd. 7. **Method of payments.** A dental provider contract must include a method of payment for dental care services in which no fees associated with the method of payment, including credit card fees and fees related to payment in the form of digital or virtual currency, are incurred by the dentist or dental clinic. Any fees that may be incurred from a payment must be disclosed to a dentist prior to entering into or renewing a dental provider contract. For purposes of this section, fees related to a provider's electronic claims processing vendor, financial institution, or other vendor used by a provider to facilitate the submission of claims are excluded.

Sec. 51. Minnesota Statutes 2022, section 62Q.78, is amended by adding a subdivision to read:

Subd. 8. **Network leasing.** (a) A dental organization may grant a third party access to a dental provider contract or a provider's dental care services or contractual discounts provided pursuant to a dental provider contract if, at the time the dental provider contract is entered into or renewed, the dental organization allows a dentist to choose not to participate in third-party access to the dental provider contract, without any penalty to the dentist. The third-party access provision of the dental provider contract must be clearly identified. A dental organization must not grant a third party access to the dental provider contract of any dentist who does not participate in third-party access to the dental provider contract.

(b) Notwithstanding paragraph (a), if a dental organization exists solely for the purpose of recruiting dentists for dental provider contracts that establish a network to be leased to third parties, the dentist waives the right to choose whether to participate in third-party access.

(c) A dental organization may grant a third party access to a dental provider contract, or a dentist's dental care services or contractual discounts under a dental provider contract, if the following requirements are met:

(1) the dental organization lists all third parties that may have access to the dental provider contract on the dental organization's website, which must be updated at least once every 90 days;

(2) the dental provider contract states that the dental organization may enter into an agreement with a third party that would allow the third party to obtain the dental organization's rights and responsibilities as if the third party were the dental organization, and the dentist chose to participate in third-party access at the time the dental provider contract was entered into; and

(3) the third party accessing the dental provider contract agrees to comply with all applicable terms of the dental provider contract.

(d) A dentist is not bound by and is not required to perform dental care services under a dental provider contract granted to a third party in violation of this section.

(e) This subdivision does not apply when:

(1) the dental provider contract is for dental services provided under a public health plan program, including but not limited to medical assistance, MinnesotaCare, Medicare, or Medicare Advantage;  
or

(2) access to a dental provider contract is granted to a dental organization, an entity operating in accordance with the same brand licensee program as the dental organization or other entity, or to an entity that is an affiliate of the dental organization, provided the entity agrees to substantially similar terms and conditions as the originating dental provider contract between the dental organization and the dentist or dental clinic. A list of the dental organization's affiliates must be posted on the dental organization's website.

Sec. 52. Minnesota Statutes 2022, section 62Q.81, subdivision 4, is amended to read:

Subd. 4. **Essential health benefits; definition.** For purposes of this section, "essential health benefits" has the meaning given under section 1302(b) of the Affordable Care Act and includes:

- (1) ambulatory patient services;
- (2) emergency services;
- (3) hospitalization;
- (4) laboratory services;
- (5) maternity and newborn care;
- (6) mental health and substance use disorder services, including behavioral health treatment;
- (7) pediatric services, including oral and vision care;
- (8) prescription drugs;
- (9) preventive and wellness services and chronic disease management;
- (10) rehabilitative and habilitative services and devices; and
- (11) additional essential health benefits included in the EHB-benchmark plan, as defined under the Affordable Care Act, and preventive items and services, as defined under section 62Q.46, subdivision 1, paragraph (a).

Sec. 53. Minnesota Statutes 2022, section 62Q.81, is amended by adding a subdivision to read:

Subd. 7. **Standard plans.** (a) A health plan company that offers individual health plans must ensure that no less than one individual health plan at each level of coverage described in subdivision 1, paragraph (b), clause (3), that the health plan company offers in each geographic rating area the health plan company serves conforms to the standard plan parameters determined by the commissioner under paragraph (e).

(b) An individual health plan offered under this subdivision must be:

(1) clearly and appropriately labeled as standard plans to aid the purchaser in the selection process;

(2) marketed as standard plans and in the same manner as other individual health plans offered by the health plan company; and

(3) offered for purchase to any individual.

(c) This subdivision does not apply to catastrophic plans, grandfathered plans, small group health plans, large group health plans, health savings accounts, qualified high deductible health benefit plans, limited health benefit plans, or short-term limited-duration health insurance policies.

(d) Health plan companies must meet the requirements in this subdivision separately for plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

(e) The commissioner of commerce, in consultation with the commissioner of health, must annually determine standard plan parameters, including but not limited to cost-sharing structure and covered benefits, that comprise a standard plan in Minnesota.

(f) Notwithstanding section 62A.65, subdivision 2, a health plan company may discontinue offering a health plan under this subdivision if, three years after the date the plan is initially offered, the plan has fewer than 75 enrollees. A health plan company discontinuing a health plan under this paragraph may discontinue a health plan that has fewer than 75 enrollees if it:

(1) provides notice of the plan's discontinuation in writing, in a form prescribed by the commissioner, to each enrollee of the plan at least 90 calendar days before the date the coverage is discontinued;

(2) offers on a guaranteed issue basis to each enrollee the option to purchase an individual health plan currently being offered by the health plan company for individuals in that geographic rating area. An enrollee who does not select an option shall be automatically enrolled in the individual health plan closest in actuarial value to the enrollee's current plan; and

(3) acts uniformly without regard to any health status-related factor of an enrollee or an enrollee's dependents who may become eligible for coverage.

**EFFECTIVE DATE.** This section is effective January 1, 2025, and applies to individual health plans offered, issued, or renewed on or after that date.

Sec. 54. **[62W.15] CLINICIAN-ADMINISTERED DRUGS.**

Subdivision 1. **Definition.** (a) For purposes of this section, the following definition applies.

(b) "Clinician-administered drug" means an outpatient prescription drug other than a vaccine that:

(1) cannot reasonably be self-administered by the enrollee to whom the drug is prescribed or by an individual assisting the enrollee with self-administration; and

(2) is typically administered:

(i) by a health care provider authorized to administer the drug, including when acting under a physician's delegation and supervision; and

(ii) in a physician's office, hospital outpatient infusion center, or other clinical setting.

Subd. 2. **Safety and care requirements for clinician-administered drugs.** (a) A specialty pharmacy that ships a clinician-administered drug to a health care provider or pharmacy must:

(1) comply with all federal laws regulating the shipment of drugs, including but not limited to the U.S. Pharmacopeia General Chapter 800;

(2) in response to questions from a health care provider or pharmacy, provide access to a pharmacist or nurse employed by the specialty pharmacy 24 hours a day, 7 days a week;

(3) allow an enrollee and health care provider to request a refill of a clinician-administered drug on behalf of an enrollee, in accordance with the pharmacy benefit manager or health carrier's utilization review procedures; and

(4) adhere to the track and trace requirements, as defined by the federal Drug Supply Chain Security Act, United States Code, title 21, section 360eee, et seq., for a clinician-administered drug that needs to be compounded or manipulated.

(b) For any clinician-administered drug dispensed by a specialty pharmacy selected by the pharmacy benefit manager or health carrier, the requesting health care provider or their designee must provide the requested date, approximate time, and place of delivery of a clinician-administered drug at least five business days before the date of delivery. The specialty pharmacy must require a signature upon receipt of the shipment when shipped to a health care provider.

(c) A pharmacy benefit manager or health carrier who requires dispensing of a clinician-administered drug through a specialty pharmacy shall establish and disclose a process which allows the health care provider or pharmacy to appeal and have exceptions to the use of a specialty pharmacy when:

(1) a drug is not delivered as specified in paragraph (b); or

(2) an attending health care provider reasonably believes an enrollee may experience immediate and irreparable harm without the immediate, onetime use of clinician-administered drug that a health care provider or pharmacy has in stock.

(d) A pharmacy benefit manager or health carrier shall not require a specialty pharmacy to dispense a clinician-administered drug directly to an enrollee with the intention that the enrollee will transport the clinician-administered drug to a health care provider for administration.

(e) A pharmacy benefit manager, health carrier, health care provider, or pharmacist shall not require and may not deny the use of a home infusion or infusion site external to the enrollee's provider office or clinic to administer a clinician-administered drug when requested by an enrollee and such services are covered by the health plan and are available and clinically appropriate as determined by the health care provider and delivered in accordance with state law.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 55. **[65A.298] HOMEOWNER'S INSURANCE; FORTIFIED PROGRAM STANDARDS.**

Subdivision 1. **Definitions.** (a) For purposes of this section the following term has the meaning given.

(b) "Insurable property" means a residential property designated as meeting Fortified program standards that include a hail supplement as administered by the Insurance Institute for Business and Home Safety (IBHS).

Subd. 2. **Fortified new property.** (a) An insurer must provide a premium discount or an insurance rate reduction to an owner who builds or locates a new insurable property in Minnesota.

(b) An owner of insurable property claiming a premium discount or rate reduction under this subdivision must submit and maintain a certificate issued by IBHS showing proof of compliance with the Fortified program standards to the insurer prior to receiving the premium discount or rate reduction. At the time of policy renewal an insurer may require evidence that the issued certificate remains in good standing.

Subd. 3. **Fortified existing property.** (a) An insurer must provide a premium discount or insurance rate reduction to an owner who retrofits an existing property to meet the requirements to be an insurable property in Minnesota.

(b) An owner of insurable property claiming a premium discount or rate reduction under this subdivision must submit a certificate issued by IBHS showing proof of compliance with the Fortified program standards to the insurer prior to receiving the premium discount or rate reduction.

Subd. 4. **Insurers.** (a) A participating insurer must submit to the commissioner actuarially justified rates and a rating plan for a person who builds or locates a new insurable property in Minnesota.

(b) A participating insurer must submit to the commissioner actuarially justified rates and a rating plan for a person who retrofits an existing property to meet the requirements to be an insurable property.

(c) A participating insurer may offer, in addition to the premium discount and insurance rate reductions required under subdivisions 2 and 3, more generous mitigation adjustments to an owner of insurable property.

(d) Any premium discount, rate reduction, or mitigation adjustment offered by an insurer under this section applies only to policies that include wind coverage and may be applied to: (1) only the portion of the premium for wind coverage; or (2) the total premium, if the insurer does not separate the premium for wind coverage in the insurer's rate filing.

(e) A rate and rating plan submitted to the commissioner under this section must not be used until 60 days after the rate and rating plan has been filed with the commissioner, unless the

commissioner approves the rate and rating plan before that time. A rating plan, rating classification, and territories applicable to insurance written by a participating insurer and any related statistics are subject to chapter 70A. When the commissioner is evaluating rate and rating plans submitted under this section, the commissioner must evaluate:

(i) evidence of cost savings directly attributable to the Fortified program standards as administered by IBHS; and

(ii) whether the cost savings are passed along in full to qualified policyholders.

(f) A participating insurer must resubmit a rate and rating plan at least once every five years following the initial submission under this section.

(g) The commissioner may annually publish the premium savings that policyholders experience pursuant to this section.

(h) An insurer must provide the commissioner with all requested information necessary for the commissioner to meet the requirements of this subdivision.

Sec. 56. **[65A.299] STRENGTHEN MINNESOTA HOMES PROGRAM.**

Subdivision 1. **Short title.** This section may be cited as the "Strengthen Minnesota Homes Act."

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Insurable property" has the meaning given in section 65A.298, subdivision 1.

(c) "Program" means the Strengthen Minnesota Homes program established under this section.

Subd. 3. **Program established; purpose, permitted activities.** The Strengthen Minnesota Homes program is established within the Department of Commerce. The purpose of the program is to provide grants to retrofit insurable property to resist loss due to common perils, including but not limited to tornadoes or other catastrophic windstorm events.

Subd. 4. **Strengthen Minnesota homes account; appropriation.** (a) A strengthen Minnesota homes account is created as a separate account in the special revenue fund of the state treasury. The account consists of money provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund and remains in the account until expended. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to pay for (1) grants issued under the program, and (2) the reasonable costs incurred by the commissioner to administer the program.

Subd. 5. **Use of grants.** (a) A grant under this section must be used to retrofit an insurable property.

(b) Grant money provided under this section must not be used for maintenance or repairs, but may be used in conjunction with repairs or reconstruction necessitated by damage from wind or hail.

(c) A project funded by a grant under this section must be completed within three months of the date the grant is approved. Failure to complete the project in a timely manner may result in forfeiture of the grant.

Subd. 6. **Applicant eligibility.** The commissioner must develop (1) administrative procedures to implement this section, and (2) criteria used to determine whether an applicant is eligible for a grant under this section.

Subd. 7. **Contractor eligibility; conflicts of interest.** (a) To be eligible to work as a contractor on a project funded by a grant under this section, the contractor must meet all of the following program requirements and must maintain a current copy of all certificates, licenses, and proof of insurance coverage with the program office. The eligible contractor must:

(1) hold a valid residential building contractor and residential remodeler license issued by the commissioner of labor and industry;

(2) not be subject to disciplinary action by the commissioner of labor and industry;

(3) hold any other valid state or jurisdictional business license or work permits required by law;

(4) possess an in-force general liability policy with \$1,000,000 in liability coverage;

(5) possess an in-force workers compensation policy;

(6) possess a certificate of compliance from the commissioner of revenue;

(7) successfully complete the Fortified Roof for High Wind and Hail training provided by the IBHS and maintain an active certification. The training may be offered as separate courses;

(8) agree to the terms and successfully register as a vendor with the commissioner of management and budget and receive direct deposit of payment for mitigation work performed under the program;

(9) maintain Internet access and keep a valid email address on file with the program and remain active in the commissioner of management and budget's vendor and supplier portal while working on the program;

(10) maintain an active email address for the communication with the program;

(11) successfully complete the program training; and

(12) agree to follow program procedures and rules established under this section and by the commissioner.

(b) An eligible contractor must not have a financial interest, other than payment on behalf of the homeowner, in any project for which the eligible contractor performs work toward a fortified designation under the program. An eligible contractor is prohibited from acting as the evaluator for

a fortified designation on any project funded by the program. An eligible contractor must report to the commissioner regarding any potential conflict of interest before work commences on any job funded by the program.

Subd. 8. **Evaluator eligibility; conflicts of interest.** (a) To be eligible to work on the program as an evaluator, the evaluator must meet all program eligibility requirements and must submit to the commissioner and maintain a copy of all current certificates and licenses. The evaluator must:

(1) be in good standing with IBHS and maintain an active certification as a fortified home evaluator for high wind and hail or a successor certification;

(2) possess a Minnesota business license and be registered with the secretary of state; and

(3) successfully complete the program training.

(b) An evaluator must not have a financial interest in any project that the evaluator inspects for designation purposes for the program. An evaluator must not be an eligible contractor or supplier of any material, product, or system installed in any home that the evaluator inspects for designation purposes for the program. An evaluator must not be a sales agent for any home being designated for the program. An evaluator must inform the commissioner of any potential conflict of interest impacting the evaluator's participation in the program.

Subd. 9. **Grant approval; allocation.** (a) The commissioner must review all applications for completeness and must perform appropriate audits to verify (1) the accuracy of the information on the application, and (2) that the applicant meets all eligibility rules. All verified applicants must be placed in the order the application was received. Grants must be awarded on a first-come, first-served basis, subject to availability of money for the program.

(b) When a grant is approved, an approval letter must be sent to the applicant.

(c) An eligible contractor is prohibited from beginning work until a grant is approved.

(d) In order to assure equitable distribution of grants in proportion to the income demographics in counties where the program is made available, grant applications must be accepted on a first-come, first-served basis. The commissioner may establish pilot projects as needed to establish a sustainable program distribution system in any geographic area within Minnesota.

Subd. 10. **Grant award process; release of grant money.** (a) After a grant application is approved, the eligible contractor selected by the homeowner may begin the mitigation work.

(b) Once the mitigation work is completed, the eligible contractor must submit a copy of the signed contract to the commissioner, along with an invoice seeking payment and an affidavit stating the fortified standards were met by the work.

(c) The IBHS evaluator must conduct all required evaluations, including a required interim inspection during construction and the final inspection, and must confirm that the work was completed according to the mitigation specifications.

(d) Grant money must be released on behalf of an approved applicant only after a fortified designation certificate has been issued for the home. The program or another designated entity must,

on behalf of the homeowner, directly pay the eligible contractor that performed the mitigation work. The program or the program's designated entity must pay the eligible contractor the costs covered by the grant. The homeowner must pay the eligible contractor for the remaining cost after receiving an IBHS fortified certificate.

(e) The program must confirm that the homeowner's insurer provides the appropriate premium discount.

(f) The program must conduct random reinspections to detect any fraud and must submit any irregularities to the attorney general.

Subd. 11. **Limitations.** (a) This section does not create an entitlement for property owners or obligate the state of Minnesota to pay for residential property in Minnesota to be inspected or retrofitted. The program under this section is subject to legislative appropriations, the receipt of federal grants or money, or the receipt of other sources of grants or money. The department may obtain grants or other money from the federal government or other funding sources to support and enhance program activities.

(b) All mitigation under this section is contingent upon securing all required local permits and applicable inspections to comply with local building codes and applicable Fortified program standards. A mitigation project receiving a grant under this section is subject to random reinspection at a later date.

**Sec. 57. [65A.303] HOMEOWNER'S LIABILITY INSURANCE; DOGS.**

Subdivision 1. **Discrimination prohibited.** An insurer writing homeowner's insurance for property is prohibited from (1) refusing to issue or renew an insurance policy or contract, or (2) canceling an insurance policy or contract based solely on the fact that the homeowner harbors or owns one dog of a specific breed or mixture of breeds.

Subd. 2. **Exception.** (a) Subdivision 1 does not prohibit an insurer from (1) refusing to issue or renew an insurance policy or contract, (2) canceling an insurance policy or contract, or (3) imposing a reasonably increased premium or rate for an insurance policy or contract based on a dog meeting the criteria of a dangerous dog or potentially dangerous dog under section 347.50, or based on sound underwriting and actuarial principles that are reasonably related to actual or anticipated loss experience.

(b) Subdivision 1 does not prohibit an insurer from (1) refusing to issue or renew an insurance policy or contract, (2) canceling an insurance policy or contract, or (3) imposing a reasonably increased premium or rate for an insurance policy or contract if the dog has a history of causing bodily injury or if the dog owner has a history of owning other animals who caused bodily injury.

**EFFECTIVE DATE.** This section is effective April 1, 2024, and applies to insurance policies and contracts offered, issued, or sold after that date.

Sec. 58. Minnesota Statutes 2022, section 65B.49, is amended by adding a subdivision to read:

Subd. 10. **Time limitations.** (a) Unless expressly provided for in this chapter, a plan of reparation security must conform to the six-year time limitation provided under section 541.05, subdivision 1, clause (1).

(b) The time limitation for commencing a cause of action relating to underinsured motorist coverage under subdivision 3a is four years from the date of accrual.

**EFFECTIVE DATE.** This section is effective August 1, 2023, and applies to contracts issued or renewed on or after that date.

Sec. 59. Minnesota Statutes 2022, section 151.071, subdivision 1, is amended to read:

Subdivision 1. **Forms of disciplinary action.** When the board finds that a licensee, registrant, or applicant has engaged in conduct prohibited under subdivision 2, it may do one or more of the following:

(1) deny the issuance of a license or registration;

(2) refuse to renew a license or registration;

(3) revoke the license or registration;

(4) suspend the license or registration;

(5) impose limitations, conditions, or both on the license or registration, including but not limited to: the limitation of practice to designated settings; the limitation of the scope of practice within designated settings; the imposition of retraining or rehabilitation requirements; the requirement of practice under supervision; the requirement of participation in a diversion program such as that established pursuant to section 214.31 or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;

(6) impose a civil penalty not exceeding \$10,000 for each separate violation, except that a civil penalty not exceeding \$25,000 may be imposed for each separate violation of section 62J.842, the amount of the civil penalty to be fixed so as to deprive a licensee or registrant of any economic advantage gained by reason of the violation, to discourage similar violations by the licensee or registrant or any other licensee or registrant, or to reimburse the board for the cost of the investigation and proceeding, including but not limited to, fees paid for services provided by the Office of Administrative Hearings, legal and investigative services provided by the Office of the Attorney General, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and travel costs and expenses incurred by board staff and board members; and

(7) reprimand the licensee or registrant.

Sec. 60. Minnesota Statutes 2022, section 151.071, subdivision 2, is amended to read:

Subd. 2. **Grounds for disciplinary action.** The following conduct is prohibited and is grounds for disciplinary action:

(1) failure to demonstrate the qualifications or satisfy the requirements for a license or registration contained in this chapter or the rules of the board. The burden of proof is on the applicant to demonstrate such qualifications or satisfaction of such requirements;

(2) obtaining a license by fraud or by misleading the board in any way during the application process or obtaining a license by cheating, or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to: (i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf;

(3) for a pharmacist, pharmacy technician, pharmacist intern, applicant for a pharmacist or pharmacy license, or applicant for a pharmacy technician or pharmacist intern registration, conviction of a felony reasonably related to the practice of pharmacy. Conviction as used in this subdivision includes a conviction of an offense that if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered thereon. The board may delay the issuance of a new license or registration if the applicant has been charged with a felony until the matter has been adjudicated;

(4) for a facility, other than a pharmacy, licensed or registered by the board, if an owner or applicant is convicted of a felony reasonably related to the operation of the facility. The board may delay the issuance of a new license or registration if the owner or applicant has been charged with a felony until the matter has been adjudicated;

(5) for a controlled substance researcher, conviction of a felony reasonably related to controlled substances or to the practice of the researcher's profession. The board may delay the issuance of a registration if the applicant has been charged with a felony until the matter has been adjudicated;

(6) disciplinary action taken by another state or by one of this state's health licensing agencies:

(i) revocation, suspension, restriction, limitation, or other disciplinary action against a license or registration in another state or jurisdiction, failure to report to the board that charges or allegations regarding the person's license or registration have been brought in another state or jurisdiction, or having been refused a license or registration by any other state or jurisdiction. The board may delay the issuance of a new license or registration if an investigation or disciplinary action is pending in another state or jurisdiction until the investigation or action has been dismissed or otherwise resolved; and

(ii) revocation, suspension, restriction, limitation, or other disciplinary action against a license or registration issued by another of this state's health licensing agencies, failure to report to the board that charges regarding the person's license or registration have been brought by another of this state's health licensing agencies, or having been refused a license or registration by another of this state's health licensing agencies. The board may delay the issuance of a new license or registration if a

disciplinary action is pending before another of this state's health licensing agencies until the action has been dismissed or otherwise resolved;

(7) for a pharmacist, pharmacy, pharmacy technician, or pharmacist intern, violation of any order of the board, of any of the provisions of this chapter or any rules of the board or violation of any federal, state, or local law or rule reasonably pertaining to the practice of pharmacy;

(8) for a facility, other than a pharmacy, licensed by the board, violations of any order of the board, of any of the provisions of this chapter or the rules of the board or violation of any federal, state, or local law relating to the operation of the facility;

(9) engaging in any unethical conduct; conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient; or pharmacy practice that is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety, in any of which cases, proof of actual injury need not be established;

(10) aiding or abetting an unlicensed person in the practice of pharmacy, except that it is not a violation of this clause for a pharmacist to supervise a properly registered pharmacy technician or pharmacist intern if that person is performing duties allowed by this chapter or the rules of the board;

(11) for an individual licensed or registered by the board, adjudication as mentally ill or developmentally disabled, or as a chemically dependent person, a person dangerous to the public, a sexually dangerous person, or a person who has a sexual psychopathic personality, by a court of competent jurisdiction, within or without this state. Such adjudication shall automatically suspend a license for the duration thereof unless the board orders otherwise;

(12) for a pharmacist or pharmacy intern, engaging in unprofessional conduct as specified in the board's rules. In the case of a pharmacy technician, engaging in conduct specified in board rules that would be unprofessional if it were engaged in by a pharmacist or pharmacist intern or performing duties specifically reserved for pharmacists under this chapter or the rules of the board;

(13) for a pharmacy, operation of the pharmacy without a pharmacist present and on duty except as allowed by a variance approved by the board;

(14) for a pharmacist, the inability to practice pharmacy with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills. In the case of registered pharmacy technicians, pharmacist interns, or controlled substance researchers, the inability to carry out duties allowed under this chapter or the rules of the board with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills;

(15) for a pharmacist, pharmacy, pharmacist intern, pharmacy technician, medical gas dispenser, or controlled substance researcher, revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law;

(16) for a pharmacist or pharmacy, improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to sections 144.291 to 144.298, or to furnish a patient record or report required by law;

(17) fee splitting, including without limitation:

(i) paying, offering to pay, receiving, or agreeing to receive, a commission, rebate, kickback, or other form of remuneration, directly or indirectly, for the referral of patients;

(ii) referring a patient to any health care provider as defined in sections 144.291 to 144.298 in which the licensee or registrant has a financial or economic interest as defined in section 144.6521, subdivision 3, unless the licensee or registrant has disclosed the licensee's or registrant's financial or economic interest in accordance with section 144.6521; and

(iii) any arrangement through which a pharmacy, in which the prescribing practitioner does not have a significant ownership interest, fills a prescription drug order and the prescribing practitioner is involved in any manner, directly or indirectly, in setting the price for the filled prescription that is charged to the patient, the patient's insurer or pharmacy benefit manager, or other person paying for the prescription or, in the case of veterinary patients, the price for the filled prescription that is charged to the client or other person paying for the prescription, except that a veterinarian and a pharmacy may enter into such an arrangement provided that the client or other person paying for the prescription is notified, in writing and with each prescription dispensed, about the arrangement, unless such arrangement involves pharmacy services provided for livestock, poultry, and agricultural production systems, in which case client notification would not be required;

(18) engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws or rules;

(19) engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient;

(20) failure to make reports as required by section 151.072 or to cooperate with an investigation of the board as required by section 151.074;

(21) knowingly providing false or misleading information that is directly related to the care of a patient unless done for an accepted therapeutic purpose such as the dispensing and administration of a placebo;

(22) aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board must investigate any complaint of a violation of section 609.215, subdivision 1 or 2;

(23) for a pharmacist, practice of pharmacy under a lapsed or nonrenewed license. For a pharmacist intern, pharmacy technician, or controlled substance researcher, performing duties permitted to such individuals by this chapter or the rules of the board under a lapsed or nonrenewed registration. For a facility required to be licensed under this chapter, operation of the facility under a lapsed or nonrenewed license or registration; ~~and~~

(24) for a pharmacist, pharmacist intern, or pharmacy technician, termination or discharge from the health professionals services program for reasons other than the satisfactory completion of the program; and

(25) for a manufacturer, a violation of section 62J.842 or 62J.845.

Sec. 61. Minnesota Statutes 2022, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Cost-sharing.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following cost-sharing for all recipients, ~~effective for services provided on or after September 1, 2011:~~

(1) \$3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician assistant, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3.50 for nonemergency visits to a hospital-based emergency room, except that this co-payment shall be increased to \$20 upon federal approval;

(3) \$3 per brand-name drug prescription, \$1 per generic drug prescription, and \$1 per prescription for a brand-name multisource drug listed in preferred status on the preferred drug list, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

(4) a family deductible equal to \$2.75 per month per family and adjusted annually by the percentage increase in the medical care component of the CPI-U for the period of September to September of the preceding calendar year, rounded to the next higher five-cent increment; ~~and~~

(5) total monthly cost-sharing must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on cost-sharing. This paragraph does not apply to premiums charged to individuals described under section 256B.057, subdivision 9; and

(6) cost-sharing for prescription drugs and related medical supplies to treat chronic disease must comply with the requirements of section 62Q.481.

(b) Recipients of medical assistance are responsible for all co-payments and deductibles in this subdivision.

(c) Notwithstanding paragraph (b), the commissioner, through the contracting process under sections 256B.69 and 256B.692, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (4). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

(d) Notwithstanding paragraph (b), the commissioner may waive the collection of the family deductible described under paragraph (a), clause (4), from individuals and allow long-term care and waived service providers to assume responsibility for payment.

(e) Notwithstanding paragraph (b), the commissioner, through the contracting process under section 256B.0756 shall allow the pilot program in Hennepin County to waive co-payments. The value of the co-payments shall not be included in the capitation payment amount to the integrated health care delivery networks under the pilot program.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 62. Minnesota Statutes 2022, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific

performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans:

(1) use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659 and community first services and supports under section 256B.85; ~~and~~

(2) by January 30 of each year that follows a rate increase for any aspect of services under section 256B.0659 or 256B.85, inform the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over rates determined under section 256B.851 of the amount of the rate increase that is paid to each personal care assistance provider agency with which the plan has a contract; and

(3) use a six-month timely filing standard and provide an exemption to the timely filing timeliness for the resubmission of claims where there has been a denial, request for more information, or system issue.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

Sec. 63. Minnesota Statutes 2022, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Cost-sharing.** (a) Co-payments, coinsurance, and deductibles do not apply to children under the age of 21 and to American Indians as defined in Code of Federal Regulations, title 42, section 600.5.

(b) The commissioner shall adjust co-payments, coinsurance, and deductibles for covered services in a manner sufficient to maintain the actuarial value of the benefit to 94 percent. The cost-sharing changes described in this paragraph do not apply to eligible recipients or services exempt from cost-sharing under state law. The cost-sharing changes described in this paragraph shall not be implemented prior to January 1, 2016.

(c) The cost-sharing changes authorized under paragraph (b) must satisfy the requirements for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations, title 42, sections 600.510 and 600.520.

(d) Cost-sharing for prescription drugs and related medical supplies to treat chronic disease must comply with the requirements of section 62Q.481.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

**Sec. 64. AUTOMOTIVE SELF-INSURANCE; RULES AMENDMENT; EXPEDITED RULEMAKING.**

**Subdivision 1. Self-insurance working capital condition.** The commissioner of commerce must amend Minnesota Rules, part 2770.6500, subpart 2, item B, subitem (5), to require the commissioner's grant of self-insurance authority to an applicant to be based on the applicant's net working capital in lieu of the applicant's net funds flow.

**Subd. 2. Commissioner discretion to grant self-insurance authority.** The commissioner of commerce must amend Minnesota Rules, part 2770.6500, subpart 2, item D, to, notwithstanding any other provision of Minnesota Rules, part 2770.6500, permit the commissioner to grant self-insurance authority to an applicant that is not a political subdivision and that has not had positive net income or positive working capital in at least three years of the last five-year period if the applicant's working capital, debt structure, profitability, and overall financial integrity of the applicant and its parent company, if one exists, demonstrate a continuing ability of the applicant to satisfy any financial obligations that have been and might be incurred under the no-fault act.

**Subd. 3. Working capital.** The commissioner of commerce must define working capital for the purposes of Minnesota Rules, part 2770.6500.

**Subd. 4. Commissioner discretion to revoke self-insurance authority.** The commissioner of commerce must amend Minnesota Rules, part 2770.7300, to permit, in lieu of require, the commissioner to revoke a self-insurer's authorization to self-insure based on the commissioner's determinations under Minnesota Rules, part 2770.7300, items A and B.

**Subd. 5. Expedited rulemaking authorized.** The commissioner of commerce may use the expedited rulemaking process under Minnesota Statutes, section 14.389, to amend rules under this section.

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

**Sec. 65. EVALUATION OF EXISTING STATUTORY HEALTH BENEFIT MANDATES.**

**Subdivision 1. Evaluation process and content.** Beginning August 1, 2023, and annually thereafter for the next five calendar years, the commissioner of commerce shall conduct an evaluation of the economic cost and health benefits of one state-required benefit included in Minnesota's EHB-benchmark plan, as defined in Code of Federal Regulations, title 45, section 156.20. The mandated benefit to be studied each year must be chosen from a list developed by the chairs of the house of representatives and senate commerce committees, in consultation with the ranking minority members of the house of representatives and senate commerce committees. The chairs and ranking minority members of the house of representatives and senate commerce committees must agree upon and inform the commissioner of at least one mandate to be reviewed for the period between August 1, 2023, and August 1, 2024. The commissioner shall consult with the commissioner of health and clinical and actuarial experts to assist in the evaluation and synthesis of available evidence.

The commissioner may obtain public input as part of the evaluation. At a minimum, the evaluation must consider the following:

- (1) cost for services;
- (2) the share of Minnesotans' health insurance premiums that are tied to each current mandated benefit;
- (3) utilization of services;
- (4) contribution to individual and public health;
- (5) extent to which the mandate conforms with existing standards of care in terms of appropriateness or evidence-based medicine;
- (6) the historical context in which the mandate was enacted, including how the mandate interacts with other required benefits; and
- (7) other relevant criteria of effectiveness and efficacy as determined by the commissioner in consultation with the commissioner of health.

Subd. 2. **Report to legislature.** The commissioner must submit a written report on the evaluation to the chairs and ranking minority members of the legislative committees with jurisdiction over health insurance policy and finance no later than 180 days after the commissioner receives notification from a chair, as required under Minnesota Statutes, section 62J.26, subdivision 3.

Sec. 66. **REPEALER.**

Minnesota Statutes 2022, section 62A.31, subdivisions 1b and 1i, are repealed.

**EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

### ARTICLE 3

#### FINANCIAL INSTITUTIONS

Section 1. Minnesota Statutes 2022, section 46.131, subdivision 11, is amended to read:

Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions account is created as a separate account in the special revenue fund. Earnings, including interest, dividends, and any other earnings arising from account assets, must be credited to the account.

(b) The account consists of funds received from assessments under subdivision 7, examination fees under subdivision 8, and funds received pursuant to subdivision 10 and the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54, subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph (b); 49.36, subdivision 1; 52.203; ~~53B.09; 53B.11, subdivision 1;~~ 53B.38; 53B.41; 53B.43; 53C.02; 56.02; 58.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.

(c) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

Sec. 2. Minnesota Statutes 2022, section 47.0153, subdivision 1, is amended to read:

Subdivision 1. **Emergency closings.** When the officers of a financial institution are of the opinion that an emergency exists, or is impending, which affects, or may affect, a financial institution's offices, they shall have the authority, in the reasonable exercise of their discretion, to determine not to open any of its offices on any business day or, if having opened, to close an office during the continuation of the emergency, even if the commissioner does not issue a proclamation of emergency. The office closed shall remain closed until the time that the officers determine the emergency has ended, and for the further time reasonably necessary to reopen. No financial institution office shall remain closed for more than 48 consecutive hours in a Monday through Friday period, excluding other legal holidays, without the prior approval of the commissioner.

Sec. 3. Minnesota Statutes 2022, section 47.59, subdivision 2, is amended to read:

Subd. 2. **Application.** Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, ~~47.60~~, 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 4. Minnesota Statutes 2022, section 47.60, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the terms defined have the meanings given them:

(a) "Consumer small loan" is a loan transaction in which cash is advanced to a borrower for the borrower's own personal, family, or household purpose. A consumer small loan is a short-term, unsecured loan to be repaid in a single installment. The cash advance of a consumer small loan is

equal to or less than \$350. A consumer small loan includes an indebtedness evidenced by but not limited to a promissory note or agreement to defer the presentation of a personal check for a fee.

(b) "Consumer small loan lender" is a financial institution as defined in section 47.59 or a business entity registered with the commissioner and engaged in the business of making consumer small loans.

(c) "Annual percentage rate" means a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made. Annual percentage interest rate includes all interest, finance charges, and fees. The annual percentage rate must be determined in accordance with either the actuarial method or the United States Rule method.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 5. Minnesota Statutes 2022, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** ~~(a) In lieu of the interest, finance charges, or fees in any other law~~ connection with a consumer small loan, a consumer small loan lender may charge the following: an annual percentage rate of up to 50 percent. No other charges or payments are permitted or may be received by the lender in connection with a consumer small loan.

~~(1) on any amount up to and including \$50, a charge of \$5.50 may be added;~~

~~(2) on amounts in excess of \$50, but not more than \$100, a charge may be added equal to ten percent of the loan proceeds plus a \$5 administrative fee;~~

~~(3) on amounts in excess of \$100, but not more than \$250, a charge may be added equal to seven percent of the loan proceeds with a minimum of \$10 plus a \$5 administrative fee;~~

~~(4) for amounts in excess of \$250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of \$17.50 plus a \$5 administrative fee.~~

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of \$350.

(g) A loan made under this section with an annual percentage rate that exceeds 36 percent must comply with section 47.603.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 6. Minnesota Statutes 2022, section 47.60, is amended by adding a subdivision to read:

Subd. 8. **No evasion.** (a) A person must not engage in any device, subterfuge, or pretense to evade the requirements of this section, including but not limited to:

(1) making loans disguised as a personal property sale and leaseback transaction;

(2) disguising loan proceeds as a cash rebate for the pretextual installment sale of goods or services; or

(3) making, offering, assisting, or arranging for a debtor to obtain a loan with a greater rate or amount of interest, consideration, charge, or payment than is permitted by this section through any method, including mail, telephone, Internet, or any electronic means, regardless of whether a person has a physical location in Minnesota.

(b) A person is a consumer small loan lender subject to the requirements of this section notwithstanding the fact that a person purports to act as an agent or service provider, or acts in another capacity for another person that is not subject to this section, if a person:

(1) directly or indirectly holds, acquires, or maintains the predominant economic interest, risk, or reward in a loan or lending business; or

(2) both: (i) markets, solicits, brokers, arranges, or facilitates a loan; and (ii) holds or holds the right, requirement, or first right of refusal to acquire loans, receivables, or other direct or interest in a loan.

(c) A person is a consumer small loan lender subject to the requirements of this section if the totality of the circumstances indicate that a person is a lender and the transaction is structured to evade the requirements of this section. Circumstances that weigh in favor of a person being a lender in a transaction include but are not limited to instances where a person:

(1) indemnifies, insures, or protects a person not subject to this section from any costs or risks related to a loan;

(2) predominantly designs, controls, or operates lending activity;

(3) holds the trademark or intellectual property rights in the brand, underwriting system, or other core aspects of a lending business; or

(4) purports to act as an agent or service provider, or acts in another capacity, for a person not subject to this section while acting directly as a lender in one or more states.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 7. Minnesota Statutes 2022, section 47.601, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Annual percentage rate" has the meaning given in section 47.60, subdivision 1.

~~(b)~~ (c) "Borrower" means an individual who obtains a consumer short-term loan primarily for personal, family, or household purposes.

~~(c)~~ (d) "Commissioner" means the commissioner of commerce.

~~(d)~~ (e) "Consumer short-term loan" means a loan to a borrower which has a principal amount, or an advance on a credit limit, of ~~\$1,000~~ \$1,300 or less and requires a minimum payment within 60 days of loan origination or credit advance of more than 25 percent of the principal balance or credit advance. For the purposes of this section, each new advance of money to a borrower under a consumer short-term loan agreement constitutes a new consumer short-term loan. A "consumer short-term loan" does not include any transaction made under chapter 325J or a loan made by a consumer short-term lender where, in the event of default on the loan, the sole recourse for recovery of the amount owed, other than a lawsuit for damages for the debt, is to proceed against physical goods pledged by the borrower as collateral for the loan.

~~(e)~~ (f) "Consumer short-term lender" means an individual or entity engaged in the business of making or arranging consumer short-term loans, other than a state or federally chartered bank, savings bank, or credit union. For the purposes of this paragraph, arranging consumer short-term loans includes but is not limited to any substantial involvement in facilitating, marketing, lead-generating, underwriting, servicing, or collecting consumer short-term loans.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 8. Minnesota Statutes 2022, section 47.601, subdivision 2, is amended to read:

Subd. 2. **Consumer short-term loan contract.** (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

(1) a provision selecting a law other than Minnesota law under which the contract is construed or enforced;

(2) a provision choosing a forum for dispute resolution other than the state of Minnesota; or

(3) a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:

(i) without a required license issued by the commissioner; or

(ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section ~~47.59, subdivision 6, or 47.60, subdivision 2, other than by de minimis amounts if no pattern or practice exists.~~

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

(1) the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;

(2) the name and title of the individual employee or representative who signs the contract on behalf of the lender;

(3) an itemization of the fees and interest charges to be paid by the borrower;

(4) in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and

(5) a description of the borrower's payment obligations under the loan.

(d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

(e) In connection with a consumer short-term loan, a consumer short-term loan lender may charge an annual percentage rate of up to 50 percent. No other charges or payments are permitted or may be received by the lender in connection with a consumer short-term loan.

(f) A loan made under this section with an annual percentage rate that exceeds 36 percent must comply with section 47.603.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 9. Minnesota Statutes 2022, section 47.601, is amended by adding a subdivision to read:

Subd. 5a. **No evasion.** (a) A person must not engage in any device, subterfuge, or pretense to evade the requirements of this section, including but not limited to:

(1) making loans disguised as a personal property sale and leaseback transaction;

(2) disguising loan proceeds as a cash rebate for the pretextual installment sale of goods or services; or

(3) making, offering, assisting, or arranging for a debtor to obtain a loan with a greater rate or amount of interest, consideration, charge, or payment than is permitted by this section through any method, including mail, telephone, Internet, or any electronic means, regardless of whether a person has a physical location in Minnesota.

(b) A person is a consumer short-term loan lender subject to the requirements of this section notwithstanding the fact that a person purports to act as an agent or service provider, or acts in another capacity for another person that is not subject to this section, if a person:

(1) directly or indirectly holds, acquires, or maintains the predominant economic interest, risk, or reward in a loan or lending business; or

(2) both: (i) markets, solicits, brokers, arranges, or facilitates a loan; and (ii) holds or holds the right, requirement, or first right of refusal to acquire loans, receivables, or other direct or interest in a loan.

(c) A person is a consumer short-term loan lender subject to the requirements of this section if the totality of the circumstances indicate that a person is a lender and the transaction is structured to evade the requirements of this section. Circumstances that weigh in favor of a person being a lender in a transaction include but are not limited to instances where a person:

(1) indemnifies, insures, or protects a person not subject to this section from any costs or risks related to a loan;

(2) predominantly designs, controls, or operates lending activity;

(3) holds the trademark or intellectual property rights in the brand, underwriting system, or other core aspects of a lending business; or

(4) purports to act as an agent or service provider, or acts in another capacity, for a person not subject to this section while acting directly as a lender in one or more states.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 10. Minnesota Statutes 2022, section 47.601, subdivision 6, is amended to read:

Subd. 6. **Penalties for violation; private right of action.** (a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2 ~~or~~, 3, or 5a is liable to the borrower for:

(1) all money collected or received in connection with the loan;

(2) actual, incidental, and consequential damages;

(3) statutory damages of up to \$1,000 per violation;

(4) costs, disbursements, and reasonable attorney fees; and

(5) injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

(1) by a consumer short-term lender who has not obtained an applicable license from the commissioner;

(2) in violation of any provision of subdivision 2 or 3; or

(3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under ~~sections 47.59, subdivision 6, and section~~ 47.60, subdivision 2.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 11. **[47.603] ABILITY TO REPAY ANALYSIS.**

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Annual percentage rate" has the meaning given in section 47.60, subdivision 1.

(c) "Basic living expenses" means expenditures, other than payments for major financial obligations, that a borrower makes for goods and services that are necessary to maintain: (1) the borrower's health, welfare, and ability to produce income; and (2) the health and welfare of the members of the borrower's household who are financially dependent on the borrower.

(d) "Borrower" means an individual who seeks to obtain a payday loan or a payday advance.

(e) "Consumer credit report" means a consumer report, as defined in section 603(d) of the Fair Credit Reporting Act, United States Code, title 15, section 1681a(d), obtained from a consumer reporting agency that compiles and maintains files on consumers on a nationwide basis, as defined in section 603(p) of the Fair Credit Reporting Act, United States Code, title 15, section 1681a(p).

(f) "Debt-to-income ratio" means the ratio, expressed as a percentage, comparing (1) the sum of the debt amounts that the lender projects will be payable by the borrower, including major financial obligations, outstanding loans other than the payday loan, the payday loan payment, all other debt obligations, and basic living expenses, to (2) the net income that the lender projects the borrower will receive during the loan period.

(g) "Major financial obligations" means the sum of:

(1) a borrower's housing expense;

(2) outstanding loans, including any other payday loans or payday advances; and

(3) all other debt obligations, including without limitation child support and alimony obligations.

(h) "Net income" means the total amount of income received by the borrower during the loan period, as demonstrated by documentation evidencing proof of income.

(i) "Payday lender" means a consumer small lender under section 47.60 or consumer short-term lender under section 47.601.

(j) "Payday loan" means a consumer small loan under section 47.60 or a consumer short-term loan under section 47.601.

(k) "Payday advance" means a consumer small loan under section 47.60 or a consumer short-term loan under section 47.601 that is offered under a line of credit.

(l) "Payday loan payment" means the total payment due for the payday loan at the end of the payday loan period. Payday loan payment includes all principal, interest, charges, and fees.

Subd. 2. **Applicability.** This section applies to all payday loans with an annual percentage rate that exceeds 36 percent.

Subd. 3. **Ability to repay determination required.** A payday lender must not make a payday loan or permit a borrower to obtain a payday advance unless the lender first determines, based on an analysis that complies with subdivision 5, that the borrower has the ability to make the payday loan payment when the payday loan payment comes due at the end of the loan period. For purposes of this subdivision, each payday advance constitutes a new loan and requires a new ability to repay determination.

Subd. 4. **Ability to repay; borrower information determination required.** (a) To conduct an ability to repay analysis, a payday lender must first obtain commercially reasonable documented evidence of the borrower's net income, major financial obligations, and basic living expenses. To the extent documentation is not available for any of the borrower's basic living expenses, the lender may reasonably rely on a written, signed statement by the borrower indicating the specific basic living expenses.

(b) If the payday lender obtains a borrower's consumer credit report, there is a presumption that a payday lender has obtained commercially reasonable documented evidence of:

(1) outstanding loans other than the payday loan or payday advance; and

(2) all other debt obligations, without limitation, except for child support and alimony obligations.

(c) For a borrower's required payments under child support or alimony obligations, the lender must obtain a consumer credit report. If the report does not include a child support or spousal maintenance obligation, as applicable, the lender may reasonably rely on a written, signed statement by the borrower indicating the child support payment or spousal maintenance payments, as applicable.

Subd. 5. **Ability to pay analysis; determination of ability to pay.** (a) A payday lender's determination of a borrower's ability to repay a payday loan or payday advance must be based on the calculation of the borrower's debt-to-income ratio for the loan period.

(b) A payday lender's ability to repay determination is reasonable if, based on the calculated debt-to-income ratio for the loan period, the borrower can make payments for all major financial

obligations, make all payments under the loan, and meet basic living expenses during the period ending 30 days after repayment of the loan.

Subd. 6. **Violations.** A payday lender that fails to comply with this section is subject to: (1) the penalties and enforcement under section 47.601, subdivisions 6 and 7; and (2) revocation of a filing or license, as provided under section 47.60, subdivision 3, or section 45.027, subdivision 7.

**EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and applies to payday loans and payday advances originated on or after that date.

Sec. 12. **[48.591] CLIMATE RISK DISCLOSURE SURVEY.**

Subdivision 1. **Requirement.** By July 30 each year, a banking institution with more than \$1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. **Data.** Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

Sec. 13. **[52.065] CLIMATE RISK DISCLOSURE SURVEY.**

Subdivision 1. **Requirement.** By July 30 each year, a credit union with more than \$1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. **Data.** Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

Sec. 14. Minnesota Statutes 2022, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. **Loans.** (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal

National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

**EFFECTIVE DATE; APPLICATION.** This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 15. **[53B.28] DEFINITIONS.**

**Subdivision 1. Terms.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

**Subd. 2. Acting in concert.** "Acting in concert" means persons knowingly acting together with a common goal of jointly acquiring control of a licensee, whether or not pursuant to an express agreement.

**Subd. 3. Authorized delegate.** "Authorized delegate" means a person a licensee designates to engage in money transmission on behalf of the licensee.

**Subd. 4. Average daily money transmission liability.** "Average daily money transmission liability" means the amount of the licensee's outstanding money transmission obligations in Minnesota at the end of each day in a given period of time, added together, and divided by the total number of days in the given period of time. For purposes of calculating average daily money transmission liability under this chapter for any licensee required to do so, the given period of time shall be the quarters ending March 31, June 30, September 30, and December 31.

**Subd. 5. Bank Secrecy Act.** "Bank Secrecy Act" means the Bank Secrecy Act under United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing regulations, as amended and recodified from time to time.

**Subd. 6. Closed loop stored value.** "Closed loop stored value" means stored value that is redeemable by the issuer only for a good or service provided by the issuer, the issuer's affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the extent required by applicable law to be redeemable in cash for the good or service's cash value.

**Subd. 7. Control.** "Control" means:

(1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee;

(2) the power to elect or appoint a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee; or

(3) the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

Subd. 8. **Eligible rating.** "Eligible rating" means a credit rating of any of the three highest rating categories provided by an eligible rating service, whereby each category may include rating category modifiers such as "plus" or "minus" or the equivalent for any other eligible rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or higher or the equivalent from any other eligible rating service. Short-term credit ratings are deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent from any other eligible rating service. In the event that ratings differ among eligible rating services, the highest rating shall apply when determining whether a security bears an eligible rating.

Subd. 9. **Eligible rating service.** "Eligible rating service" means any Nationally Recognized Statistical Rating Organization (NRSRO), as defined by the United States Securities and Exchange Commission and any other organization designated by the commissioner by rule or order.

Subd. 10. **Federally insured depository financial institution.** "Federally insured depository financial institution" means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state of the United States, when the bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company has federally insured deposits.

Subd. 11. **In Minnesota.** "In Minnesota" means at a physical location within the state of Minnesota for a transaction requested in person. For a transaction requested electronically or by telephone, the provider of money transmission may determine if the person requesting the transaction is in Minnesota by relying on other information provided by the person regarding the location of the individual's residential address or a business entity's principal place of business or other physical address location, and any records associated with the person that the provider of money transmission may have that indicate the location, including but not limited to an address associated with an account.

Subd. 12. **Individual.** "Individual" means a natural person.

Subd. 13. **Key individual.** "Key individual" means any individual ultimately responsible for establishing or directing policies and procedures of the licensee, including but not limited to as an executive officer, manager, director, or trustee.

Subd. 14. **Licensee.** "Licensee" means a person licensed under this chapter.

Subd. 15. **Material litigation.** "Material litigation" means litigation that, according to United States generally accepted accounting principles, is significant to a person's financial health and would be required to be disclosed in the person's annual audited financial statements, report to shareholders, or similar records.

Subd. 16. **Money.** "Money" means a medium of exchange that is authorized or adopted by the United States or a foreign government. Money includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more governments.

Subd. 17. **Monetary value.** "Monetary value" means a medium of exchange, whether or not redeemable in money.

Subd. 18. **Money transmission.** (a) "Money transmission" means:

(1) selling or issuing payment instruments to a person located in this state;

(2) selling or issuing stored value to a person located in this state; or

(3) receiving money for transmission from a person located in this state.

(b) Money includes payroll processing services. Money does not include the provision solely of online or telecommunications services or network access.

Subd. 19. **Money services business accredited state or MSB accredited state.** "Money services businesses accredited state" or "MSB accredited state" means a state agency that is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators Association for money transmission licensing and supervision.

Subd. 20. **Multistate licensing process.** "Multistate licensing process" means any agreement entered into by and among state regulators relating to coordinated processing of applications for money transmission licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals.

Subd. 21. **NMLS.** "NMLS" means the Nationwide Multistate Licensing System and Registry developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in financial services industries.

Subd. 22. **Outstanding money transmission obligations.** (a) "Outstanding money transmission obligations" must be established and extinguished in accordance with applicable state law and means:

(1) any payment instrument or stored value issued or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws; or

(2) any money received for transmission by the licensee or an authorized delegate in the United States from a person located in the United States that has not been received by the payee or refunded to the sender, or escheated in accordance with applicable abandoned property laws.

(b) For purposes of this subdivision, "in the United States" includes, to the extent applicable, a person in any state, territory, or possession of the United States; the District of Columbia; the Commonwealth of Puerto Rico; or a U.S. military installation that is located in a foreign country.

Subd. 23. **Passive investor.** "Passive investor" means a person that:

(1) does not have the power to elect a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee;

(2) is not employed by and does not have any managerial duties of the licensee or person in control of a licensee;

(3) does not have the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee; and

(4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in a written document.

Subd. 24. **Payment instrument.** (a) "Payment instrument" means a written or electronic check, draft, money order, traveler's check, or other written or electronic instrument for the transmission or payment of money or monetary value, whether or not negotiable.

(b) Payment instrument does not include stored value or any instrument that is: (1) redeemable by the issuer only for goods or services provided by the issuer, the issuer's affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

Subd. 25. **Payroll processing services.** "Payroll processing services" means receiving money for transmission pursuant to a contract with a person to deliver wages or salaries, make payment of payroll taxes to state and federal agencies, make payments relating to employee benefit plans, or make distributions of other authorized deductions from wages or salaries. The term payroll processing services does not include an employer performing payroll processing services on the employer's own behalf or on behalf of the employer's affiliate, or a professional employment organization subject to regulation under other applicable state law.

Subd. 26. **Person.** "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation, or other corporate entity identified by the commissioner.

Subd. 27. **Receiving money for transmission or money received for transmission.** "Receiving money for transmission" or "money received for transmission" means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

Subd. 28. **Stored value.** (a) "Stored value" means monetary value representing a claim against the issuer evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value, or payment for goods or services. Stored value includes but is not limited to prepaid access, as defined under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from time to time.

(b) Notwithstanding this subdivision, stored value does not include: (1) a payment instrument or closed loop stored value; or (2) stored value not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

Subd. 29. **Tangible net worth.** "Tangible net worth" means the aggregate assets of a licensee excluding all intangible assets, less liabilities, as determined in accordance with United States generally accepted accounting principles.

Sec. 16. [53B.29] EXEMPTIONS.

This chapter does not apply to:

(1) an operator of a payment system, to the extent the operator of a payment system provides processing, clearing, or settlement services between or among persons exempted by this section or licensees in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, or similar funds transfers;

(2) a person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission itself, provided to the payor by the payee, provided that:

(i) there exists a written agreement between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf;

(ii) the payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf; and

(iii) payment for the goods and services is treated as received by the payee upon receipt by the agent so that the payor's obligation is extinguished and there is no risk of loss to the payor if the agent fails to remit the funds to the payee;

(3) a person that acts as an intermediary by processing payments between an entity that has directly incurred an outstanding money transmission obligation to a sender, and the sender's designated recipient, provided that the entity:

(i) is properly licensed or exempt from licensing requirements under this chapter;

(ii) provides a receipt, electronic record, or other written confirmation to the sender identifying the entity as the provider of money transmission in the transaction; and

(iii) bears sole responsibility to satisfy the outstanding money transmission obligation to the sender, including the obligation to make the sender whole in connection with any failure to transmit the funds to the sender's designated recipient;

(4) the United States; a department, agency, or instrumentality of the United States; or an agent of the United States;

(5) money transmission by the United States Postal Service or by an agent of the United States Postal Service;

(6) a state; county; city; any other governmental agency, governmental subdivision, or instrumentality of a state; or the state's agent;

(7) a federally insured depository financial institution; bank holding company; office of an international banking corporation; foreign bank that establishes a federal branch pursuant to the International Bank Act, United States Code, title 12, section 3102, as amended or recodified from time to time; corporation organized pursuant to the Bank Service Corporation Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from time to time; or corporation organized under the Edge Act, United States Code, title 12, sections 611 to 633, as amended or recodified from time to time;

(8) electronic funds transfer of governmental benefits for a federal, state, county, or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or instrumentality thereof;

(9) a board of trade designated as a contract market under the federal Commodity Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

(10) a registered futures commission merchant under the federal commodities laws, to the extent of the registered futures commission merchant's operation as a merchant;

(11) a person registered as a securities broker-dealer under federal or state securities laws, to the extent of the person's operation as a securities broker-dealer;

(12) an individual employed by a licensee, authorized delegate, or any person exempted from the licensing requirements under this chapter when acting within the scope of employment and under the supervision of the licensee, authorized delegate, or exempted person as an employee and not as an independent contractor;

(13) a person expressly appointed as a third-party service provider to or agent of an entity exempt under clause (7), solely to the extent that:

(i) the service provider or agent is engaging in money transmission on behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that the service provider or agent is to perform; and

(ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or monetary value by the service provider or agent; or

(14) a person exempt by regulation or order if the commissioner finds that (i) the exemption is in the public interest, and (ii) the regulation of the person is not necessary for the purposes of this chapter.

**Sec. 17. [53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF EXEMPTION.**

The commissioner may require any person that claims to be exempt from licensing under section 53B.29 to provide to the commissioner information and documentation that demonstrates the person qualifies for any claimed exemption.

Sec. 18. **[53B.31] IMPLEMENTATION.**

Subdivision 1. **General authority.** In order to carry out the purposes of this chapter, the commissioner may, subject to section 53B.32, paragraphs (a) and (b):

(1) enter into agreements or relationships with other government officials or federal and state regulatory agencies and regulatory associations in order to (i) improve efficiencies and reduce regulatory burden by standardizing methods or procedures, and (ii) share resources, records, or related information obtained under this chapter;

(2) use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this chapter;

(3) accept from other state or federal government agencies or officials any licensing, examination, or investigation reports made by the other state or federal government agencies or officials; and

(4) accept audit reports made by an independent certified public accountant or other qualified third-party auditor for an applicant or licensee and incorporate the audit report in any report of examination or investigation.

Subd. 2. **Administrative authority.** The commissioner is granted broad administrative authority to: (1) administer, interpret, and enforce this chapter; (2) adopt regulations to implement this chapter; and (3) recover the costs incurred to administer and enforce this chapter by imposing and collecting proportionate and equitable fees and costs associated with applications, examinations, investigations, and other actions required to achieve the purpose of this chapter.

Sec. 19. **[53B.32] CONFIDENTIALITY.**

(a) All information or reports obtained by the commissioner contained in or related to an examination that is prepared by, on behalf of, or for the use of the commissioner are confidential and are not subject to disclosure under section 46.07.

(b) The commissioner may disclose information not otherwise subject to disclosure under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31, subdivision 1.

(c) This section does not prohibit the commissioner from disclosing to the public a list of all licensees or the aggregated financial or transactional data concerning those licensees.

Sec. 20. **[53B.33] SUPERVISION.**

(a) The commissioner may conduct an examination or investigation of a licensee or authorized delegate or otherwise take independent action authorized by this chapter, or by a rule adopted or order issued under this chapter, as reasonably necessary or appropriate to administer and enforce this chapter, rules implementing this chapter, and other applicable law, including the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56. The commissioner may:

(1) conduct an examination either on site or off site as the commissioner may reasonably require;

(2) conduct an examination in conjunction with an examination conducted by representatives of other state agencies or agencies of another state or of the federal government;

(3) accept the examination report of another state agency or an agency of another state or of the federal government, or a report prepared by an independent accounting firm, which on being accepted is considered for all purposes as an official report of the commissioner; and

(4) summon and examine under oath a key individual or employee of a licensee or authorized delegate and require the person to produce records regarding any matter related to the condition and business of the licensee or authorized delegate.

(b) A licensee or authorized delegate must provide, and the commissioner has full and complete access to, all records the commissioner may reasonably require to conduct a complete examination. The records must be provided at the location and in the format specified by the commissioner. The commissioner may use multistate record production standards and examination procedures when the standards reasonably achieve the requirements of this paragraph.

(c) Unless otherwise directed by the commissioner, a licensee must pay all costs reasonably incurred in connection with an examination of the licensee or the licensee's authorized delegates.

Sec. 21. **[53B.34] NETWORKED SUPERVISION.**

(a) To efficiently and effectively administer and enforce this chapter and to minimize regulatory burden, the commissioner is authorized to participate in multistate supervisory processes established between states and coordinated through the Conference of State Bank Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors of the Conference of State Bank Supervisors and the Money Transmitter Regulators Association for all licensees that hold licenses in this state and other states. As a participant in multistate supervision, the commissioner may:

(1) cooperate, coordinate, and share information with other state and federal regulators in accordance with section 53B.32;

(2) enter into written cooperation, coordination, or information-sharing contracts or agreements with organizations the membership of which is made up of state or federal governmental agencies; and

(3) cooperate, coordinate, and share information with organizations the membership of which is made up of state or federal governmental agencies, provided that the organizations agree in writing to maintain the confidentiality and security of the shared information in accordance with section 53B.32.

(b) The commissioner is prohibited from waiving, and nothing in this section constitutes a waiver of, the commissioner's authority to conduct an examination or investigation or otherwise take independent action authorized by this chapter, or a rule adopted or order issued under this chapter, to enforce compliance with applicable state or federal law.

(c) A joint examination or investigation, or acceptance of an examination or investigation report, does not waive an examination fee provided for in this chapter.

Sec. 22. **[53B.35] RELATIONSHIP TO FEDERAL LAW.**

(a) In the event state money transmission jurisdiction is conditioned on a federal law, any inconsistencies between a provision of this chapter and the federal law governing money transmission is governed by the applicable federal law to the extent of the inconsistency.

(b) In the event of any inconsistencies between this chapter and a federal law that governs pursuant to paragraph (a), the commissioner may provide interpretive guidance that:

(1) identifies the inconsistency; and

(2) identifies the appropriate means of compliance with federal law.

Sec. 23. **[53B.36] LICENSE REQUIRED.**

(a) A person is prohibited from engaging in the business of money transmission, or advertising, soliciting, or representing that the person provides money transmission, unless the person is licensed under this chapter.

(b) Paragraph (a) does not apply to:

(1) a person that is an authorized delegate of a person licensed under this chapter acting within the scope of authority conferred by a written contract with the licensee; or

(2) a person that is exempt under section 53B.29 and does not engage in money transmission outside the scope of the exemption.

(c) A license issued under section 53B.40 is not transferable or assignable.

Sec. 24. **[53B.37] CONSISTENT STATE LICENSING.**

(a) To establish consistent licensing between Minnesota and other states, the commissioner is authorized to:

(1) implement all licensing provisions of this chapter in a manner that is consistent with (i) other states that have adopted substantially similar licensing requirements, or (ii) multistate licensing processes; and

(2) participate in nationwide protocols for licensing cooperation and coordination among state regulators, provided that the protocols are consistent with this chapter.

(b) In order to fulfill the purposes of this chapter, the commissioner is authorized to establish relationships or contracts with NMLS or other entities designated by NMLS to enable the commissioner to:

(1) collect and maintain records;

(2) coordinate multistate licensing processes and supervision processes;

(3) process fees; and

(4) facilitate communication between the commissioner and licensees or other persons subject to this chapter.

(c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance with this chapter, including but not limited to license applications, applications for acquisitions of control, surety bonds, reporting, criminal history background checks, credit checks, fee processing, and examinations.

(d) The commissioner is authorized to use NMLS forms, processes, and functions in accordance with this chapter. If NMLS does not provide functionality, forms, or processes for a requirement under this chapter, the commissioner is authorized to implement the requirements in a manner that facilitates uniformity with respect to licensing, supervision, reporting, and regulation of licensees which are licensed in multiple jurisdictions.

(e) For the purpose of participating in the NMLS registry, the commissioner is authorized to, by rule or order: (1) waive or modify, in whole or in part, any or all of the requirements; and (2) establish new requirements as reasonably necessary to participate in the NMLS registry.

Sec. 25. **[53B.38] APPLICATION FOR LICENSE.**

(a) An applicant for a license must apply in a form and in a medium as prescribed by the commissioner. The application must state or contain, as applicable:

(1) the legal name and residential and business addresses of the applicant and any fictitious or trade name used by the applicant in conducting business;

(2) a list of any criminal convictions of the applicant and any material litigation in which the applicant has been involved in the ten-year period next preceding the submission of the application;

(3) a description of any money transmission previously provided by the applicant and the money transmission that the applicant seeks to provide in this state;

(4) a list of the applicant's proposed authorized delegates and the locations in this state where the applicant and the applicant's authorized delegates propose to engage in money transmission;

(5) a list of other states in which the applicant is licensed to engage in money transmission and any license revocations, suspensions, or other disciplinary action taken against the applicant in another state;

(6) information concerning any bankruptcy or receivership proceedings affecting the licensee or a person in control of a licensee;

(7) a sample form of contract for authorized delegates, if applicable;

(8) a sample form of payment instrument or stored value, as applicable;

(9) the name and address of any federally insured depository financial institution through which the applicant plans to conduct money transmission; and

(10) any other information the commissioner or NMLS reasonably requires with respect to the applicant.

(b) If an applicant is a corporation, limited liability company, partnership, or other legal entity, the applicant must also provide:

(1) the date of the applicant's incorporation or formation and state or country of incorporation or formation;

(2) if applicable, a certificate of good standing from the state or country in which the applicant is incorporated or formed;

(3) a brief description of the structure or organization of the applicant, including any parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly traded;

(4) the legal name, any fictitious or trade name, all business and residential addresses, and the employment, as applicable, in the ten-year period next preceding the submission of the application of each key individual and person in control of the applicant;

(5) a list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the ten-year period preceding the submission of the application;

(6) a copy of audited financial statements of the applicant for the most recent fiscal year and for the two-year period next preceding the submission of the application or, if the commissioner deems acceptable, certified unaudited financial statements for the most recent fiscal year or other period acceptable to the commissioner;

(7) a certified copy of unaudited financial statements of the applicant for the most recent fiscal quarter;

(8) if the applicant is a publicly traded corporation, a copy of the most recent report filed with the United States Securities and Exchange Commission under section 13 of the federal Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;

(9) if the applicant is a wholly owned subsidiary of:

(i) a corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed under section 13 of the Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time; or

(ii) a corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States;

(10) the name and address of the applicant's registered agent in this state; and

(11) any other information the commissioner reasonably requires with respect to the applicant.

(c) A nonrefundable application fee of \$4,000 must accompany an application for a license under this section.

(d) The commissioner may: (1) waive one or more requirements of paragraphs (a) and (b); or (2) permit an applicant to submit other information in lieu of the required information.

Sec. 26. **[53B.39] INFORMATION REQUIREMENTS; CERTAIN INDIVIDUALS.**

Subdivision 1. **Individuals with or seeking control.** Any individual in control of a licensee or applicant, any individual that seeks to acquire control of a licensee, and each key individual must furnish to the commissioner through NMLS:

(1) the individual's fingerprints for submission to the Federal Bureau of Investigation and the commissioner for a national criminal history background check, unless the person currently resides outside of the United States and has resided outside of the United States for the last ten years; and

(2) personal history and business experience in a form and in a medium prescribed by the commissioner, to obtain:

(i) an independent credit report from a consumer reporting agency;

(ii) information related to any criminal convictions or pending charges; and

(iii) information related to any regulatory or administrative action and any civil litigation involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

Subd. 2. **Individuals having resided outside the United States.** (a) If an individual has resided outside of the United States at any time in the last ten years, the individual must also provide an investigative background report prepared by an independent search firm that meets the requirements of this subdivision.

(b) At a minimum, the search firm must:

(1) demonstrate that the search firm has sufficient knowledge, resources, and employs accepted and reasonable methodologies to conduct the research of the background report; and

(2) not be affiliated with or have an interest with the individual the search firm is researching.

(c) At a minimum, the investigative background report must be written in English and must contain:

(1) if available in the individual's current jurisdiction of residency, a comprehensive credit report, or any equivalent information obtained or generated by the independent search firm to accomplish a credit report, including a search of the court data in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked;

(2) criminal records information for the past ten years, including but not limited to felonies, misdemeanors, or similar convictions for violations of law in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked;

(3) employment history;

(4) media history, including an electronic search of national and local publications, wire services, and business applications; and

(5) financial services-related regulatory history, including but not limited to money transmission, securities, banking, consumer finance, insurance, and mortgage-related industries.

Sec. 27. **[53B.40] LICENSE ISSUANCE.**

(a) When an application for an original license under this chapter includes all of the items and addresses all of the matters that are required, the application is complete and the commissioner must promptly notify the applicant in a record of the date on which the application is determined to be complete.

(b) The commissioner's determination that an application is complete and accepted for processing means only that the application, on the application's face, appears to include all of the items, including the criminal background check response from the Federal Bureau of Investigation, and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the substance of the application or of the sufficiency of the information provided.

(c) When an application is filed and considered complete under this section, the commissioner must investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The commissioner may conduct an investigation of the applicant, the reasonable cost of which the applicant must pay. The commissioner must issue a license to an applicant under this section if the commissioner finds:

(1) the applicant has complied with sections 53B.38 and 53B.39; and

(2) the financial condition and responsibility; financial and business experience, competence, character, and general fitness of the applicant; and the competence, experience, character, and general fitness of the key individuals and persons in control of the applicant indicate that it is in the interest of the public to permit the applicant to engage in money transmission.

(d) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead investigative state for the purposes of paragraph (c); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant pursuant to paragraph (c) and the time frames established by agreement through the multistate licensing process, provided that the time frame complies with the application review period provided under paragraph (e).

(e) The commissioner must approve or deny the application within 120 days after the date the application is deemed complete. If the application is not approved or denied within 120 days after the completion date, the application is approved and the license takes effect on the first business day after the 120-day period expires.

(f) The commissioner must issue a formal written notice of the denial of a license application within 30 days of the date the decision to deny the application is made. The commissioner must set forth in the notice of denial the specific reasons for the denial of the application. An applicant whose application is denied by the commissioner under this paragraph may appeal within 30 days of the date the written notice of the denial is received. The commissioner must set a hearing date that is not later than 60 days after service of the response, unless a later date is set with the consent of the denied applicant.

(g) The initial license term begins on the day the application is approved. The license expires on December 31 of the year in which the license term began, unless the initial license date is between November 1 and December 31, in which case the initial license term runs through December 31 of the following year. If a license is approved between November 1 and December 31, the applicant is subject to the renewal fee under section 53B.31, paragraph (a).

**Sec. 28. [53B.41] LICENSE RENEWAL.**

(a) A license under this chapter must be renewed annually. An annual renewal fee of \$2,500 must be paid no more than 60 days before the license expires. The renewal term is a period of one year and begins on January 1 each year after the initial license term. The renewal term expires on December 31 of the year the renewal term begins.

(b) A licensee must submit a renewal report with the renewal fee, in a form and in a medium prescribed by the commissioner. The renewal report must state or contain a description of each material change in information submitted by the licensee in the licensee's original license application that has not been previously reported to the commissioner.

(c) The commissioner may grant an extension of the renewal date for good cause.

(d) The commissioner is authorized to use the NMLS to process license renewals, provided that the NMLS functionality is consistent with this section.

**Sec. 29. [53B.42] MAINTENANCE OF LICENSE.**

(a) If a licensee does not continue to meet the qualifications or satisfy the requirements that apply to an applicant for a new money transmission license, the commissioner may suspend or revoke the licensee's license in accordance with the procedures established by this chapter or other applicable state law for license suspension or revocation.

(b) An applicant for a money transmission license must demonstrate that the applicant meets or will meet, and a money transmission licensee must at all times meet, the requirements in sections 53B.59 to 53B.61.

**Sec. 30. [53B.43] ACQUISITION OF CONTROL.**

(a) Any person, or group of persons acting in concert, seeking to acquire control of a licensee must obtain the commissioner's written approval before acquiring control. An individual is not deemed to acquire control of a licensee and is not subject to these acquisition of control provisions when that individual becomes a key individual in the ordinary course of business.

(b) For the purpose of this section, a person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee. A person presumed to exercise a controlling influence as defined by this subdivision can rebut the presumption of control if the person is a passive investor.

(c) For purposes of determining the percentage of a person controlled by any other person, the person's interest must be aggregated with the interest of any other immediate family member, including the person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and any other person who shares the person's home.

(d) A person, or group of persons acting in concert, seeking to acquire control of a licensee must, in cooperation with the licensee:

(1) submit an application in a form and in a medium prescribed by the commissioner; and

(2) submit a nonrefundable fee of \$4,000 with the request for approval.

(e) Upon request, the commissioner may permit a licensee or the person, or group of persons acting in concert, to submit some or all information required by the commissioner pursuant to paragraph (d), clause (1), without using NMLS.

(f) The application required by paragraph (d), clause (1), must include information required by section 53B.39 for any new key individuals that have not previously completed the requirements of section 53B.39 for a licensee.

(g) When an application for acquisition of control under this section appears to include all of the items and address all of the matters that are required, the application is considered complete and the commissioner must promptly notify the applicant in a record of the date on which the application was determined to be complete.

(h) The commissioner must approve or deny the application within 60 days after the completion date. If the application is not approved or denied within 60 days after the completion date, the application is approved and the person, or group of persons acting in concert, are not prohibited from acquiring control. The commissioner may extend the application period for good cause.

(i) The commissioner's determination that an application is complete and is accepted for processing means only that the application, on the application's face, appears to include all of the items and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the application's substance or of the sufficiency of the information provided.

(j) When an application is filed and considered complete under paragraph (g), the commissioner must investigate the financial condition and responsibility; the financial and business experience; character; and the general fitness of the person, or group of persons acting in concert, seeking to acquire control. The commissioner must approve an acquisition of control under this section if the commissioner finds:

(1) the requirements of paragraphs (d) and (f) have been met, as applicable; and

(2) the financial condition and responsibility, financial and business experience, competence, character, and general fitness of the person, or group of persons acting in concert, seeking to acquire control; and the competence, experience, character, and general fitness of the key individuals and persons that control the licensee after the acquisition of control indicate that it is in the interest of the public to permit the person, or group of persons acting in concert, to control the licensee.

(k) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead investigative state for the purposes of paragraph (j); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (j) and consistent with the time frames established by agreement through the multistate licensing process.

(l) The commissioner must issue a formal written notice of the denial of an application to acquire control. The commissioner must set forth in the notice of denial the specific reasons the application was denied. An applicant whose application is denied by the commissioner under this paragraph may appeal the denial within 30 days of the date the written notice of the denial is received. Chapter 14 applies to appeals under this paragraph.

(m) Paragraphs (a) and (d) do not apply to:

(1) a person that acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders or holders of voting shares or voting interests of a licensee or a person in control of a licensee;

(2) a person that acquires control of a licensee by devise or descent;

(3) a person that acquires control of a licensee as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law;

(4) a person that is exempt under section 53B.29, clause (7);

(5) a person that the commissioner determines is not subject to paragraph (a), based on the public interest;

(6) a public offering of securities of a licensee or a person in control of a licensee; or

(7) an internal reorganization of a person controlling the licensee, where the ultimate person controlling the licensee remains the same.

(n) A person identified in paragraph (m), clause (2), (3), (4), or (6), that is cooperating with the licensee must notify the commissioner within 15 days of the date the acquisition of control occurs.

(o) Paragraphs (a) and (d) do not apply to a person that has complied with and received approval to engage in money transmission under this chapter, or that was identified as a person in control in a prior application filed with and approved by the commissioner or by another state pursuant to a multistate licensing process, provided that:

(1) the person has not had a license revoked or suspended or controlled a licensee that has had a license revoked or suspended while the person was in control of the licensee in the previous five years;

(2) if the person is a licensee, the person is well managed and has received at least a satisfactory rating for compliance at the person's most recent examination by an MSB-accredited state if a rating was given;

(3) the licensee to be acquired is projected to meet the requirements of sections 53B.59 to 53B.61 after the acquisition of control is completed, and if the person acquiring control is a licensee, the acquiring licensee is also projected to meet the requirements of sections 53B.59 to 53B.61 after the acquisition of control is completed;

(4) the licensee to be acquired does not implement any material changes to the acquired licensee's business plan as a result of the acquisition of control, and if the person acquiring control is a licensee, the acquiring licensee does not implement any material changes to the acquiring licensee's business plan as a result of the acquisition of control; and

(5) the person provides notice of the acquisition in cooperation with the licensee and attests to clauses (1), (2), (3), and (4) in a form and in a medium prescribed by the commissioner.

(p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after the date on which the notice was determined to be complete, the notice is deemed approved.

(q) Before filing an application for approval to acquire control of a licensee, a person may request in writing a determination from the commissioner as to whether the person would be considered a person in control of a licensee upon consummation of a proposed transaction. If the commissioner determines that the person would not be a person in control of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

(r) If a multistate licensing process includes a determination pursuant to paragraph (q) and an applicant avails itself or is otherwise subject to the multistate licensing process:

(1) the commissioner is authorized to accept the control determination of a lead investigative state with sufficient staffing, expertise, and minimum standards for the purposes of paragraph (q); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (q) and consistent with the time frames established by agreement through the multistate licensing process.

**Sec. 31. [53B.44] CHANGE OF KEY INDIVIDUALS; NOTICE AND INFORMATION REQUIREMENTS.**

(a) A licensee that adds or replaces any key individual must:

(1) provide notice, in a manner prescribed by the commissioner, within 15 days after the effective date of the key individual's appointment; and

(2) provide the information required under section 53B.39 within 45 days of the effective date of the key individual's appointment.

(b) Within 90 days of the date on which the notice provided under section 53B.44, paragraph (a), was determined to be complete, the commissioner may issue a notice of disapproval of a key individual if the commissioner finds that the competence, business experience, character, or integrity of the individual is not in the best interests of the public or the customers of the licensee.

(c) A notice of disapproval must contain a statement of the basis for disapproval and must be sent to the licensee and the disapproved individual. A licensee may appeal a notice of disapproval pursuant to chapter 14 within 30 days of the date the notice of disapproval is received.

(d) If the notice provided under paragraph (a) is not disapproved within 90 days after the date on which the notice was determined to be complete, the key individual is deemed approved.

(e) If a multistate licensing process includes a key individual notice review and disapproval process under this section and the licensee avails itself of or is otherwise subject to the multistate licensing process:

(1) the commissioner is authorized to accept the determination of another state if the investigating state has sufficient staffing, expertise, and minimum standards for the purposes of this section; or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (b) and the time frames established by agreement through the multistate licensing process.

Sec. 32. **[53B.45] REPORT OF CONDITION.**

(a) Each licensee must submit a report of condition within 45 days of the end of the calendar quarter, or within any extended time the commissioner prescribes.

(b) The report of condition must include:

(1) financial information at the licensee level;

(2) nationwide and state-specific money transmission transaction information in every jurisdiction in the United States where the licensee is licensed to engage in money transmission;

(3) a permissible investments report;

(4) transaction destination country reporting for money received for transmission, if applicable;  
and

(5) any other information the commissioner reasonably requires with respect to the licensee.

(c) The commissioner is authorized to use NMLS to submit the report required under paragraph (a).

(d) The information required by paragraph (b), clause (4), must only be included in a report of condition submitted within 45 days of the end of the fourth calendar quarter.

Sec. 33. **[53B.46] AUDITED FINANCIAL STATEMENTS.**

(a) Each licensee must, within 90 days after the end of each fiscal year, or within any extended time the commissioner prescribes, file with the commissioner:

(1) an audited financial statement of the licensee for the fiscal year prepared in accordance with United States generally accepted accounting principles; and

(2) any other information the commissioner may reasonably require.

(b) The audited financial statements must be prepared by an independent certified public accountant or independent public accountant who is satisfactory to the commissioner.

(c) The audited financial statements must include or be accompanied by a certificate of opinion prepared by the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner. If the certificate or opinion is qualified, the commissioner may order the licensee to take any action the commissioner finds necessary to enable the independent or certified public accountant or independent public accountant to remove the qualification.

Sec. 34. **[53B.47] AUTHORIZED DELEGATE REPORTING.**

(a) Each licensee must submit a report of authorized delegates within 45 days of the end of the calendar quarter. The commissioner is authorized to use NMLS to submit the report required by this paragraph, provided that the functionality is consistent with the requirements of this section.

(b) The authorized delegate report must include, at a minimum, each authorized delegate's:

(1) company legal name;

(2) taxpayer employer identification number;

(3) principal provider identifier;

(4) physical address;

(5) mailing address;

(6) any business conducted in other states;

(7) any fictitious or trade name;

(8) contact person name, telephone number, and email;

(9) start date as the licensee's authorized delegate;

(10) end date acting as the licensee's authorized delegate, if applicable;

(11) court orders under section 53B.53; and

(12) any other information the commissioner reasonably requires with respect to the authorized delegate.

Sec. 35. **[53B.48] REPORTS OF CERTAIN EVENTS.**

(a) A licensee must file a report with the commissioner within ten business days after the licensee has reason to know any of the following events has occurred:

(1) a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization has been filed;

(2) a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization, or the making of a general assignment for the benefit of the licensee's creditors has been filed; or

(3) a proceeding to revoke or suspend the licensee's license in a state or country in which the licensee engages in business or is licensed has been commenced.

(b) A licensee must file a report with the commissioner within ten business days after the licensee has reason to know any of the following events has occurred:

(1) the licensee or a key individual or person in control of the licensee is charged with or convicted of a felony related to money transmission activities; or

(2) an authorized delegate is charged with or convicted of a felony related to money transmission activities.

Sec. 36. **[53B.49] BANK SECRECY ACT REPORTS.**

A licensee and an authorized delegate must file all reports required by federal currency reporting, record keeping, and suspicious activity reporting requirements as set forth in the Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee and authorized delegate that timely files with the appropriate federal agency a complete and accurate report required under this section is deemed to comply with the requirements of this section.

Sec. 37. **[53B.50] RECORDS.**

(a) A licensee must maintain the following records, for purposes of determining the licensee's compliance with this chapter, for at least three years:

(1) a record of each outstanding money transmission obligation sold;

(2) a general ledger posted at least monthly containing all asset, liability, capital, income, and expense accounts;

(3) bank statements and bank reconciliation records;

(4) records of outstanding money transmission obligations;

(5) records of each outstanding money transmission obligation paid within the three-year period;

(6) a list of the last known names and addresses of all of the licensee's authorized delegates;  
and

(7) any other records the commissioner reasonably requires by administrative rule.

(b) The items specified in paragraph (a) may be maintained in any form of record.

(c) The records specified in paragraph (a) may be maintained outside of Minnesota if the records are made accessible to the commissioner upon seven business-days' notice that is sent in a record.

(d) All records maintained by the licensee as required under paragraphs (a) to (c) are open to inspection by the commissioner under section 53B.33, paragraph (a).

**Sec. 38. [53B.51] RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED DELEGATE.**

(a) For purposes of this section, "remit" means to make direct payments of money to (1) a licensee, or (2) a licensee's representative authorized to receive money or to deposit money in a bank in an account specified by the licensee.

(b) Before a licensee is authorized to conduct business through an authorized delegate or allows a person to act as the licensee's authorized delegate, the licensee must:

(1) adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the licensee's authorized delegates comply with applicable state and federal law;

(2) enter into a written contract that complies with paragraph (d); and

(3) conduct a reasonable risk-based background investigation sufficient for the licensee to determine whether the authorized delegate has complied and will likely comply with applicable state and federal law.

(c) An authorized delegate must operate in full compliance with this chapter.

(d) The written contract required by paragraph (b) must be signed by the licensee and the authorized delegate. The written contract must, at a minimum:

(1) appoint the person signing the contract as the licensee's authorized delegate with the authority to conduct money transmission on behalf of the licensee;

(2) set forth the nature and scope of the relationship between the licensee and the authorized delegate and the respective rights and responsibilities of the parties;

(3) require the authorized delegate to agree to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including this chapter and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56;

(4) require the authorized delegate to remit and handle money and monetary value in accordance with the terms of the contract between the licensee and the authorized delegate;

(5) impose a trust on money and monetary value net of fees received for money transmission for the benefit of the licensee;

(6) require the authorized delegate to prepare and maintain records as required by this chapter or administrative rules implementing this chapter, or as reasonably requested by the commissioner;

(7) acknowledge that the authorized delegate consents to examination or investigation by the commissioner;

(8) state that the licensee is subject to regulation by the commissioner and that as part of that regulation the commissioner may (1) suspend or revoke an authorized delegate designation, or (2) require the licensee to terminate an authorized delegate designation; and

(9) acknowledge receipt of the written policies and procedures required under paragraph (b), clause (1).

(e) If the licensee's license is suspended, revoked, surrendered, or expired, within five business days the licensee must provide documentation to the commissioner that the licensee has notified all applicable authorized delegates of the licensee whose names are in a record filed with the commissioner of the suspension, revocation, surrender, or expiration of a license. Upon suspension, revocation, surrender, or expiration of a license, applicable authorized delegates must immediately cease to provide money transmission as an authorized delegate of the licensee.

(f) An authorized delegate of a licensee holds in trust for the benefit of the licensee all money net of fees received from money transmission. If an authorized delegate commingles any funds received from money transmission with other funds or property owned or controlled by the authorized delegate, all commingled funds and other property are considered held in trust in favor of the licensee in an amount equal to the amount of money net of fees received from money transmission.

(g) An authorized delegate is prohibited from using a subdelegate to conduct money transmission on behalf of a licensee.

#### **Sec. 39. [53B.52] UNAUTHORIZED ACTIVITIES.**

A person is prohibited from engaging in the business of money transmission on behalf of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30. A person that engages in the business of money transmission on behalf of a person that is not licensed under this chapter or not exempt under sections 53B.29 and 53B.30 provides money transmission to the same extent as if the person were a licensee, and is jointly and severally liable with the unlicensed or nonexempt person.

#### **Sec. 40. [53B.53] PROHIBITED AUTHORIZED DELEGATES.**

(a) The district court in an action brought by a licensee has jurisdiction to grant appropriate equitable or legal relief, including without limitation prohibiting the authorized delegate from directly or indirectly acting as an authorized delegate for any licensee in Minnesota and the payment of

restitution, damages, or other monetary relief, if the district court finds that an authorized delegate failed to remit money in accordance with the written contract required by section 53B.51, paragraph (b), or as otherwise directed by the licensee or required by law.

(b) If the district court issues an order prohibiting a person from acting as an authorized delegate for any licensee under paragraph (a), the licensee that brought the action must report the order to the commissioner within 30 days of the date of the order and must report the order through NMLS within 90 days of the date of the order.

Sec. 41. **[53B.54] TIMELY TRANSMISSION.**

(a) Every licensee must forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender, unless the licensee has a reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(b) If a licensee fails to forward money received for transmission as provided under this section, the licensee must respond to inquiries by the sender with the reason for the failure, unless providing a response would violate a state or federal law, rule, or regulation.

Sec. 42. **[53B.55] REFUNDS.**

(a) This section does not apply to:

(1) money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time; or

(2) money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

(b) A licensee must refund to the sender within ten days of the date the licensee receives the sender's written request for a refund of any and all money received for transmission, unless:

(1) the money has been forwarded within ten days of the date on which the money was received for transmission;

(2) instructions have been given committing an equivalent amount of money to the person designated by the sender within ten days of the date on which the money was received for transmission;

(3) the agreement between the licensee and the sender instructs the licensee to forward the money at a time that is beyond ten days of the date on which the money was received for transmission. If money has not been forwarded in accordance with the terms of the agreement between the licensee and the sender, the licensee must issue a refund in accordance with the other provisions of this section; or

(4) the refund is requested for a transaction that the licensee has not completed based on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(c) A refund request does not enable the licensee to identify:

(1) the sender's name and address or telephone number; or

(2) the particular transaction to be refunded in the event the sender has multiple transactions outstanding.

Sec. 43. **[53B.56] RECEIPTS.**

Subdivision 1. **Definition.** For purposes of this section, "receipt" means a paper receipt, electronic record, or other written confirmation.

Subd. 2. **Exemption.** This section does not apply to:

(1) money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time;

(2) money received for transmission that is not primarily for personal, family, or household purposes;

(3) money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee; or

(4) payroll processing services.

Subd. 3. **Transaction types; receipts form.** For a transaction conducted in person, the receipt may be provided electronically if the sender requests or agrees to receive an electronic receipt. For a transaction conducted electronically or by telephone, a receipt may be provided electronically. All electronic receipts must be provided in a retainable form.

Subd. 4. **Receipts required.** (a) Every licensee or the licensee's authorized delegate must provide the sender a receipt for money received for transmission.

(b) The receipt must contain, as applicable:

(1) the name of the sender;

(2) the name of the designated recipient;

(3) the date of the transaction;

(4) the unique transaction or identification number;

(5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the licensee's customer service telephone number;

(6) the transaction amount, expressed in United States dollars;

(7) any fee the licensee charges the sender for the transaction; and

(8) any taxes the licensee collects from the sender for the transaction.

(c) The receipt required by this section must be provided in (1) English, and (2) the language principally used by the licensee or authorized delegate to advertise, solicit, or negotiate, either orally or in writing, for a transaction conducted in person, electronically, or by telephone, if the language principally used is a language other than English.

Sec. 44. **[53B.57] NOTICE.**

Every licensee or authorized delegate must include on a receipt or disclose on the licensee's website or mobile application the name and telephone number of the department and a statement that the licensee's customers can contact the department with questions or complaints about the licensee's money transmission services.

Sec. 45. **[53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.**

(a) A licensee that provides payroll processing services must:

(1) issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account; and

(2) make available worker pay stubs or an equivalent statement to workers.

(b) Paragraph (a) does not apply to a licensee providing payroll processing services if the licensee's client designates the intended recipients to the licensee and is responsible for providing the disclosures required by paragraph (a), clause (2).

Sec. 46. **[53B.59] NET WORTH.**

(a) A licensee under this chapter must maintain at all times a tangible net worth that is the greater of: (1) \$100,000; or (2) three percent of total assets for the first \$100,000,000; two percent of additional assets between \$100,000,000 to \$1,000,000,000; and one-half percent of additional assets over \$1,000,000,000.

(b) Tangible net worth must be demonstrated in the initial application by the applicant's most recent audited or unaudited financial statements under section 53B.38, paragraph (b), clause (6).

(c) Notwithstanding paragraphs (a) and (b), the commissioner has the authority, for good cause shown, to exempt any applicant or licensee in-part or in whole from the requirements of this section.

Sec. 47. **[53B.60] SURETY BOND.**

(a) An applicant for a money transmission license must provide, and a licensee must at all times maintain (1) security consisting of a surety bond in a form satisfactory to the commissioner, or (2) with the commissioner's approval, a deposit instead of a bond in accordance with this section.

(b) The amount of the required security under this section is:

(1) the greater of (i) \$100,000, or (ii) an amount equal to one hundred percent of the licensee's average daily money transmission liability in Minnesota, calculated for the most recently completed three-month period, up to a maximum of \$500,000; or

(2) in the event that the licensee's tangible net worth exceeds ten percent of total assets, the licensee must maintain a surety bond of \$100,000.

(c) A licensee that maintains a bond in the maximum amount provided for in paragraph (b), clause (1) or (2), as applicable, is not required to calculate the licensee's average daily money transmission liability in Minnesota for purposes of this section.

(d) A licensee may exceed the maximum required bond amount pursuant to section 53B.62, paragraph (a), clause (5).

(e) The security device remains effective until cancellation, which may occur only after 30 days' written notice to the commissioner. Cancellation does not affect the rights of any claimant for any liability incurred or accrued during the period for which the bond was in force.

(f) The security device must remain in place for no longer than five years after the licensee ceases money transmission operations in Minnesota. Notwithstanding this paragraph, the commissioner may permit the security device to be reduced or eliminated before that time to the extent that the amount of the licensee's payment instruments outstanding in Minnesota are reduced. The commissioner may also permit a licensee to substitute a letter of credit or other form of security device acceptable to the commissioner for the security device in place at the time the licensee ceases money transmission operations in Minnesota.

Sec. 48. **[53B.61] MAINTENANCE OF PERMISSIBLE INVESTMENTS.**

(a) A licensee must maintain at all times permissible investments that have a market value computed in accordance with United States generally accepted accounting principles of not less than the aggregate amount of all of the licensee's outstanding money transmission obligations.

(b) Except for permissible investments enumerated in section 53B.62, paragraph (a), the commissioner may by administrative rule or order, with respect to any licensee, limit the extent to which a specific investment maintained by a licensee within a class of permissible investments may be considered a permissible investment, if the specific investment represents undue risk to customers not reflected in the market value of investments.

(c) Permissible investments, even if commingled with other assets of the licensee, are held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations in the event of insolvency; the filing of a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization; the filing of a petition by or against the licensee for receivership; the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization; or in the event of an action by a creditor against the licensee who is not a beneficiary of this statutory trust. No permissible investments impressed with a trust pursuant to this paragraph are subject to attachment, levy of execution, or sequestration by order of any court, except for a beneficiary of the statutory trust.

(d) Upon the establishment of a statutory trust in accordance with paragraph (c), or when any funds are drawn on a letter of credit pursuant to section 53B.62, paragraph (a), clause (4), the commissioner must notify the applicable regulator of each state in which the licensee is licensed to engage in money transmission, if any, of the establishment of the trust or the funds drawn on the

letter of credit, as applicable. Notice is deemed satisfied if performed pursuant to a multistate agreement or through NMLS. Funds drawn on a letter of credit, and any other permissible investments held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations, are deemed held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations on a pro rata and equitable basis in accordance with statutes pursuant to which permissible investments are required to be held in Minnesota and other states, as defined by a substantially similar statute in the other state. Any statutory trust established under this section terminates upon extinguishment of all of the licensee's outstanding money transmission obligations.

(e) The commissioner may by rule or by order allow other types of investments that the commissioner determines are of sufficient liquidity and quality to be a permissible investment. The commissioner is authorized to participate in efforts with other state regulators to determine that other types of investments are of sufficient liquidity and quality to be a permissible investment.

Sec. 49. **[53B.62] PERMISSIBLE INVESTMENTS.**

Subdivision 1. **Certain investments permissible.** The following investments are permissible under section 53B.61:

(1) cash, including demand deposits, savings deposits, and funds in accounts held for the benefit of the licensee's customers in a federally insured depository financial institution; and cash equivalents, including ACH items in transit to the licensee and ACH items or international wires in transit to a payee, cash in transit via armored car, cash in smart safes, cash in licensee-owned locations, debit card or credit card funded transmission receivables owed by any bank, or money market mutual funds rated AAA or the equivalent from any eligible rating service;

(2) certificates of deposit or senior debt obligations of an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12, section 1813, as amended or recodified from time to time, or as defined under the federal Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from time to time;

(3) an obligation of the United States or a commission, agency, or instrumentality thereof; an obligation that is guaranteed fully as to principal and interest by the United States; or an obligation of a state or a governmental subdivision, agency, or instrumentality thereof;

(4) the full drawable amount of an irrevocable standby letter of credit, for which the stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw a sight draft under the letter of credit and present the sight draft to obtain funds up to the letter of credit amount within seven days of presentation of the items required by subdivision 2, paragraph (c); and

(5) one hundred percent of the surety bond or deposit provided for under section 53B.60 that exceeds the average daily money transmission liability in Minnesota.

Subd. 2. **Letter of credit; requirements.** (a) A letter of credit under subdivision 1, clause (4), must:

(1) be issued by a federally insured depository financial institution, a foreign bank that is authorized under federal law to maintain a federal agency or federal branch office in a state or states,

or a foreign bank that is authorized under state law to maintain a branch in a state that: (i) bears an eligible rating or whose parent company bears an eligible rating; and (ii) is regulated, supervised, and examined by United States federal or state authorities having regulatory authority over banks, credit unions, and trust companies;

(2) be irrevocable, unconditional, and indicate that it is not subject to any condition or qualifications outside of the letter of credit;

(3) not contain reference to any other agreements, documents, or entities, or otherwise provide for any security interest in the licensee; and

(4) contain an issue date and expiration date, and expressly provide for automatic extension without a written amendment, for an additional period of one year from the present or each future expiration date, unless the issuer of the letter of credit notifies the commissioner in writing by certified or registered mail or courier mail or other receipted means, at least 60 days before any expiration date, that the irrevocable letter of credit will not be extended.

(b) In the event of any notice of expiration or nonextension of a letter of credit issued under paragraph (a), clause (4), the licensee must demonstrate to the satisfaction of the commissioner, 15 days before the letter or credit's expiration, that the licensee maintains and will maintain permissible investments in accordance with section 53B.61, paragraph (a), upon the expiration of the letter of credit. If the licensee is not able to do so, the commissioner may draw on the letter of credit in an amount up to the amount necessary to meet the licensee's requirements to maintain permissible investments in accordance with section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the licensee's outstanding money transmission obligations. The drawn funds must be held in trust by the commissioner or the commissioner's designated agent, to the extent authorized by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations.

(c) The letter of credit must provide that the issuer of the letter of credit must honor, at sight, a presentation made by the beneficiary to the issuer of the following documents on or before the expiration date of the letter of credit:

(1) the original letter of credit, including any amendments; and

(2) a written statement from the beneficiary stating that any of the following events have occurred:

(i) the filing of a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;

(ii) the filing of a petition by or against the licensee for receivership, or the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization;

(iii) the seizure of assets of a licensee by a commissioner of any other state pursuant to an emergency order issued in accordance with applicable law, on the basis of an action, violation, or condition that has caused or is likely to cause the insolvency of the licensee; or

(iv) the beneficiary has received notice of expiration or nonextension of a letter of credit and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain permissible investments in accordance with section 53B.61, paragraph (a), upon the expiration or nonextension of the letter of credit.

(d) The commissioner may designate an agent to serve on the commissioner's behalf as beneficiary to a letter of credit, provided the agent and letter of credit meet requirements the commissioner establishes. The commissioner's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable amount for the purposes of subdivision 1, clause (4), and this subdivision are assigned to the commissioner.

(e) The commissioner is authorized to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including but not limited to services provided by the NMLS and State Regulatory Registry, LLC.

Subd. 3. **Other permissible investments.** Unless the commissioner by administrative rule or order otherwise permits an investment to exceed the limit set forth in this subdivision, the following investments are permissible under section 53B.61 to the extent specified:

(1) receivables that are payable to a licensee from its authorized delegates in the ordinary course of business that are less than seven days old, up to 50 percent of the aggregate value of the licensee's total permissible investments;

(2) of the receivables permissible under clause (1), receivables that are payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed ten percent of the aggregate value of the licensee's total permissible investments;

(3) the following investments are permissible up to 20 percent per category and combined up to 50 percent of the aggregate value of the licensee's total permissible investments:

(i) a short-term investment of up to six months bearing an eligible rating;

(ii) commercial paper bearing an eligible rating;

(iii) a bill, note, bond, or debenture bearing an eligible rating;

(iv) United States tri-party repurchase agreements collateralized at 100 percent or more with United States government or agency securities, municipal bonds, or other securities bearing an eligible rating;

(v) money market mutual funds rated less than "AAA" and equal to or higher than "A-" by S&P, or the equivalent from any other eligible rating service; and

(vi) a mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in subdivision 1, clauses (1) to (3); and

(4) cash, including demand deposits, savings deposits, and funds in accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to ten percent of the aggregate value of the licensee's total permissible investments, if the licensee has received a satisfactory rating in the licensee's most recent examination and the foreign depository institution:

- (i) has an eligible rating;
- (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;
- (iii) is not located in any country subject to sanctions from the Office of Foreign Asset Control;  
and
- (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the Financial Action Task Force.

Sec. 50. **[53B.63] SUSPENSION; REVOCATION.**

(a) The commissioner may suspend or revoke a license or order a licensee to revoke the designation of an authorized delegate if:

(1) the licensee violates this chapter, or an administrative rule adopted or an order issued under this chapter;

(2) the licensee does not cooperate with an examination or investigation conducted by the commissioner;

(3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;

(4) an authorized delegate is convicted of a violation of a state or federal statute prohibiting money laundering, or violates an administrative rule adopted or an order issued under this chapter, as a result of the licensee's willful misconduct or willful blindness;

(5) the competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, key individual, or responsible person of the authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission;

(6) the licensee engages in an unsafe or unsound practice;

(7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a general assignment for the benefit of the licensee's creditors; or

(8) the licensee does not remove an authorized delegate after the commissioner issues and serves upon the licensee a final order that includes a finding that the authorized delegate has violated this chapter.

(b) When determining whether a licensee is engaging in an unsafe or unsound practice, the commissioner may consider the size and condition of the licensee's money transmission, the magnitude of the loss, the gravity of the violation of this chapter, and the previous conduct of the person involved.

Sec. 51. **[53B.64] AUTHORIZED DELEGATES; SUSPENSION AND REVOCATION.**

(a) The commissioner may issue an order suspending or revoking the designation of an authorized delegate if the commissioner finds:

(1) the authorized delegate violated this chapter, or an administrative rule adopted or an order issued under this chapter;

(2) the authorized delegate did not cooperate with an examination or investigation conducted by the commissioner;

(3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence;

(4) the authorized delegate is convicted of a violation of a state or federal anti-money laundering statute;

(5) the competence, experience, character, or general fitness of the authorized delegate or a person in control of the authorized delegate indicates that it is not in the public interest to permit the authorized delegate to provide money transmission; or

(6) the authorized delegate is engaging in an unsafe or unsound practice.

(b) When determining whether an authorized delegate is engaging in an unsafe or unsound practice, the commissioner may consider the size and condition of the authorized delegate's provision of money transmission, the magnitude of the loss, the gravity of the violation of this chapter, or an administrative rule adopted or order issued under this chapter, and the previous conduct of the authorized delegate.

(c) An authorized delegate may apply for relief from a suspension or revocation of designation as an authorized delegate in the same manner as a licensee.

Sec. 52. **[53B.65] ENFORCEMENT.**

Section 45.027 applies to this chapter.

Sec. 53. **[53B.66] CRIMINAL PENALTIES.**

(a) A person who intentionally makes a false statement, misrepresentation, or false certification in a record filed or required to be maintained under this chapter or that intentionally makes a false entry or omits a material entry in a record filed or required to be maintained under this chapter is guilty of a felony.

(b) A person who knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter, and who receives more than \$1,000 in compensation within a 30-day period from the activity, is guilty of a felony.

(c) A person who knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter, and who receives more than \$500 but less than \$1,000 in compensation within a 30-day period from the activity, is guilty of a gross misdemeanor.

(d) A person who knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter, and who receives no more than \$500 in compensation within a 30-day period from the activity, is guilty of a misdemeanor.

Sec. 54. **[53B.67] SEVERABILITY.**

If any provision of this chapter or the chapter's application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application.

Sec. 55. **[53B.68] TRANSITION PERIOD.**

(a) A person licensed in Minnesota to engage in the business of money transmission is not subject to the provisions of this chapter to the extent that this chapter's provisions conflict with current law or establish new requirements not imposed under current law until the licensee renews the licensee's current license or for five months after the effective date of this chapter, whichever is later.

(b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's authorized delegate contracts for contracts entered into or amended after the effective date or the completion of any transition period contemplated under paragraph (a). Nothing in this section limits an authorized delegate's obligations to operate in full compliance with this chapter, as required under section 53B.51, paragraph (c).

Sec. 56. **[53B.69] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms have the meaning given them.

Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in reference to a transaction or relationship involving virtual currency, means the power to execute unilaterally or prevent indefinitely a virtual currency transaction.

Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

- (1) virtual currency for money, bank credit, or one or more forms of virtual currency; or
- (2) money or bank credit for one or more forms of virtual currency.

Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on behalf of a person and to:

- (1) credit the virtual currency to the account of another person;
- (2) move the virtual currency from one account of a person to another account of the same person; or
- (3) relinquish control of virtual currency to another person.

Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar equivalent of virtual currency" means the equivalent value of a particular virtual currency in United States dollars shown on a virtual-currency exchange based in the United States for a particular date or period specified in this chapter.

Subd. 6. **Virtual currency.** (a) "Virtual currency" means a digital representation of value that:

(1) is used as a medium of exchange, unit of account, or store of value; and

(2) is not money, whether or not denominated in money.

(b) Virtual currency does not include:

(1) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for money, bank credit, or virtual currency;  
or

(2) a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

Subd. 7. **Virtual-currency administration.** "Virtual-currency administration" means issuing virtual currency with the authority to redeem the currency for money, bank credit, or other virtual currency.

Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

(1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency administration, whether directly or through an agreement with a virtual-currency control-services vendor;

(2) holding electronic precious metals or electronic certificates representing interests in precious metals on behalf of another person or issuing shares or electronic certificates representing interests in precious metals; or

(3) exchanging one or more digital representations of value used within one or more online games, game platforms, or family of games for:

(i) virtual currency offered by or on behalf of the same publisher from which the original digital representation of value was received; or

(ii) money or bank credit outside the online game, game platform, or family of games offered by or on behalf of the same publisher from which the original digital representation of value was received.

Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services vendor" means a person that has control of virtual currency solely under an agreement with a person that, on behalf of another person, assumes control of virtual currency.

Sec. 57. **[53B.70] SCOPE.**

(a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual currency or to virtual-currency administration to the extent the Electronic Fund Transfer Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act of 1936, United States

Code, title 7, sections 1 to 27f, as amended or recodified from time to time; or chapter 80A govern the activity.

(b) Sections 53B.71 to 53B.74 do not apply to activity by:

(1) a person that:

(i) contributes only connectivity software or computing power to a decentralized virtual currency, or to a protocol governing transfer of the digital representation of value;

(ii) provides only data storage or security services for a business engaged in virtual-currency business activity and does not otherwise engage in virtual-currency business activity on behalf of another person; or

(iii) provides only to a person otherwise exempt from this chapter virtual currency as one or more enterprise solutions used solely among each other and has no agreement or relationship with a person that is an end-user of virtual currency;

(2) a person using virtual currency, including creating, investing, buying or selling, or obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

(i) on the person's own behalf;

(ii) for personal, family, or household purposes; or

(iii) for academic purposes;

(3) a person whose virtual-currency business activity with or on behalf of persons is reasonably expected to be valued, in the aggregate, on an annual basis at \$5,000 or less, measured by the United States dollar equivalent of virtual currency;

(4) an attorney to the extent of providing escrow services to a person;

(5) a title insurance company to the extent of providing escrow services to a person; or

(6) a securities intermediary, as defined under section 336.8-102(14), or a commodity intermediary, as defined under section 336.9-102(17), that:

(i) does not engage in the ordinary course of business in virtual-currency business activity with or on behalf of a person in addition to maintaining securities accounts or commodities accounts and is regulated as a securities intermediary or commodity intermediary under federal law, law of Minnesota other than this chapter, or law of another state; and

(ii) affords a person protections comparable to those set forth under section 53B.37.

(c) Sections 53B.71 to 53B.74 do not apply to a secured creditor, as defined under sections 336.9-101 to 336.9-809 or to a creditor with a judicial lien or lien arising by operation of law on collateral that is virtual currency, if the virtual-currency business activity of the creditor is limited to enforcement of the security interest in compliance with sections 336.9-101 to 336.9-809 or lien in compliance with the law applicable to the lien.

(d) Sections 53B.71 to 53B.74 do not apply to a virtual-currency control-services vendor.

(e) Sections 53B.71 to 53B.74 do not apply to a person that:

(1) does not receive compensation from a person to:

(i) provide virtual-currency products or services; or

(ii) conduct virtual-currency business activity; or

(2) is engaged in testing products or services with the person's own money.

(f) The commissioner may determine that a person or class of persons, given facts particular to the person or class, should be exempt from this chapter, whether the person or class is covered by requirements imposed under federal law on a money-service business.

**Sec. 58. [53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS PRECEDENT.**

(a) A person may not engage in virtual-currency business activity, or hold itself out as being able to engage in virtual-currency business activity, with or on behalf of another person unless the person is:

(1) licensed in Minnesota by the commissioner under section 53B.40; or

(2) exempt from licensing under section 53B.29.

(b) A person that is licensed to engage in virtual-currency business activity is engaged in the business of money transmission and is subject to the requirements of this chapter.

**Sec. 59. [53B.72] REQUIRED DISCLOSURES.**

(a) A licensee that engages in virtual currency business activity must provide to a person who uses the licensee's products or services the disclosures required by paragraph (b) and any additional disclosure the commissioner by administrative rule determines reasonably necessary to protect persons. The commissioner must determine by administrative rule the time and form required for disclosure. A disclosure required by this section must be made separately from any other information provided by the licensee and in a clear and conspicuous manner in a record the person may keep. A licensee may propose for the commissioner's approval alternate disclosures as more appropriate for the licensee's virtual-currency business activity with or on behalf of persons.

(b) Before establishing a relationship with a person, a licensee must disclose, to the extent applicable to the virtual-currency business activity the licensee undertakes with the person:

(1) a schedule of fees and charges the licensee may assess, the manner by which fees and charges are calculated if the fees and charges are not set in advance and disclosed, and the timing of the fees and charges;

(2) whether the product or service provided by the licensee is covered by:

(i) a form of insurance or is otherwise guaranteed against loss by an agency of the United States:

(A) up to the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee as of the date of the placement or purchase, including the maximum amount provided by insurance under the Federal Deposit Insurance Corporation or otherwise available from the Securities Investor Protection Corporation; or

(B) if not provided at the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee, the maximum amount of coverage for each person expressed in the United States dollar equivalent of the virtual currency; or

(ii) private insurance against theft or loss, including cyber theft or theft by other means;

(3) the irrevocability of a transfer or exchange and any exception to irrevocability;

(4) a description of:

(i) liability for an unauthorized, mistaken, or accidental transfer or exchange;

(ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;

(iii) the basis for any recovery by the person from the licensee;

(iv) general error-resolution rights applicable to the transfer or exchange; and

(v) the method for the person to update the person's contact information with the licensee;

(5) that the date or time when the transfer or exchange is made and the person's account is debited may differ from the date or time when the person initiates the instruction to make the transfer or exchange;

(6) whether the person has a right to stop a preauthorized payment or revoke authorization for a transfer, and the procedure to initiate a stop-payment order or revoke authorization for a subsequent transfer;

(7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer or exchange;

(8) the person's right to at least 30 days' prior notice of a change in the licensee's fee schedule, other terms and conditions of operating the licensee's virtual-currency business activity with the person, and the policies applicable to the person's account; and

(9) that virtual currency is not money.

(c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency transaction with or on behalf of a person, a licensee must provide the person a confirmation in a record. The record must contain:

(1) the name and contact information of the licensee, including information the person may need to ask a question or file a complaint;

(2) the type, value, date, precise time, and amount of the transaction; and

(3) the fee charged for the transaction, including any charge for conversion of virtual currency to money, bank credit, or other virtual currency.

(d) If a licensee discloses that it provides a daily confirmation in the initial disclosure under paragraph (c), the licensee may elect to provide a single, daily confirmation for all transactions with or on behalf of a person on that day instead of a per-transaction confirmation.

**Sec. 60. [53B.73] PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL CURRENCY.**

(a) A licensee that has control of virtual currency for one or more persons must maintain control of virtual currency in each type of virtual currency sufficient to satisfy the aggregate entitlements of the persons to the type of virtual currency.

(b) If a licensee violates paragraph (a), the property interests of the persons in the virtual currency are pro rata property interests in the type of virtual currency to which the persons are entitled, without regard to the time the persons became entitled to the virtual currency or the licensee obtained control of the virtual currency.

(c) The virtual currency referred to in this section is:

(1) held for the persons entitled to the virtual currency;

(2) not property of the licensee;

(3) not subject to the claims of creditors of the licensee; and

(4) a permissible investment under this chapter.

**Sec. 61. [53B.74] VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL REQUIREMENTS.**

(a) A licensee engaged in virtual currency business activities may include virtual currency in the licensee's calculation of tangible net worth, by measuring the average value of the virtual currency in United States dollar equivalent over the prior six months, excluding control of virtual currency for a person entitled to the protections under section 53B.73.

(b) A licensee must maintain, for all virtual-currency business activity with or on behalf of a person five years after the date of the activity, a record of:

(1) each of the licensee's transactions with or on behalf of the person, or for the licensee's account in Minnesota, including:

(i) the identity of the person;

(ii) the form of the transaction;

(iii) the amount, date, and payment instructions given by the person; and

(iv) the account number, name, and United States Postal Service address of the person, and, to the extent feasible, other parties to the transaction;

(2) the aggregate number of transactions and aggregate value of transactions by the licensee with or on behalf of the person and for the licensee's account in this state, expressed in the United States dollar equivalent of the virtual currency for the previous 12 calendar months;

(3) each transaction in which the licensee exchanges one form of virtual currency for money or another form of virtual currency with or on behalf of the person;

(4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities, capital, income, and expenses;

(5) each business-call report the licensee is required to create or provide to the department or NMLS;

(6) bank statements and bank reconciliation records for the licensee and the name, account number, and United States Postal Service address of each bank the licensee uses to conduct virtual-currency business activity with or on behalf of the person;

(7) a report of any dispute with the person; and

(8) a report of any virtual-currency business activity transaction with or on behalf of a person which the licensee was unable to complete.

(c) A licensee must maintain records required by paragraph (b) in a form that enables the commissioner to determine whether the licensee is in compliance with this chapter, any court order, and law of Minnesota other than this chapter.

Sec. 62. Minnesota Statutes 2022, section 56.131, subdivision 1, is amended to read:

Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not exceeding \$100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

~~(b)~~ (c) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(c)~~ (d) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

~~(d)~~ (e) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

**EFFECTIVE DATE; APPLICATION.** This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 63. **[58.20] DEFINITIONS.**

**Subdivision 1. Scope.** For purposes of this section to section 58.23, the terms defined in this section have the meanings given.

**Subd. 2. Allowable assets for liquidity.** "Allowable assets for liquidity" means assets that may be used to satisfy the liquidity requirements under section 58.22, including:

(1) unrestricted cash and cash equivalents; and

(2) unencumbered investment grade assets held for sale or trade, including agency mortgage-backed securities, obligations of government-sponsored enterprises, and United States Treasury obligations.

**Subd. 3. Board of directors.** "Board of directors" means the formal body established by a covered institution that is responsible for corporate governance and compliance with sections 58.21 to 58.23.

**Subd. 4. Corporate governance.** "Corporate governance" means the structure of the covered institution and how the covered institution is managed, including the corporate rules, policies, processes, and practices used to oversee and manage the covered institution.

**Subd. 5. Covered institution.** "Covered institution" means a mortgage servicer that services or subservices for others at least 2,000 or more residential mortgage loans in the United States, excluding whole loans owned, and loans being interim serviced prior to sale as of the most recent calendar year end, reported on the NMLS mortgage call report.

**Subd. 6. External audit.** "External audit" means the formal report, prepared by an independent certified public accountant, expressing an opinion on whether the financial statements are:

(1) presented fairly, in all material aspects, in accordance with the applicable financial reporting framework; and

(2) inclusive of an evaluation of the adequacy of a company's internal control structure.

**Subd. 7. Government-sponsored enterprises.** "Government-sponsored enterprises" means the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

**Subd. 8. Interim serviced prior to sale.** "Interim serviced prior to sale" means the collection of a limited number of contractual mortgage payments immediately after origination on loans held for sale but no longer than a period of ninety days prior to the loans being sold into the secondary market.

Subd. 9. **Internal audit.** "Internal audit" means the internal activity of performing independent and objective assurance and consulting to evaluate and improve the effectiveness of company operations, risk management, internal controls, and governance processes.

Subd. 10. **Mortgage-backed security.** "Mortgage-backed security" means a financial instrument, often debt securities, collateralized by residential mortgages.

Subd. 11. **Mortgage call report.** "Mortgage call report" means the quarterly or annual report of residential real estate loan origination, servicing, and financial information completed by companies licensed in NMLS.

Subd. 12. **Mortgage servicing rights.** "Mortgage servicing rights" means the contractual right to service a residential mortgage loan on behalf of the owner of the associated mortgage in exchange for compensation specified in the servicing contract.

Subd. 13. **Mortgage servicing rights investor.** "Mortgage servicing rights investor" or "master servicer" means an entity that (1) invests in and owns mortgage servicing rights; and (2) relies on subservicers to administer the loans on the mortgage servicing rights investor's behalf.

Subd. 14. **Nationwide Multistate Licensing System.** "Nationwide Multistate Licensing System" or "NMLS" has the meaning given in section 58A.02, subdivision 8.

Subd. 15. **Operating liquidity.** "Operating liquidity" means the money necessary for an entity to perform normal business operations, including payment of rent, salaries, interest expenses, and other typical expenses associated with operating the entity.

Subd. 16. **Residential mortgage loans serviced.** "Residential mortgage loans serviced" means the specific portfolio or portfolios of residential mortgage loans for which a licensee is contractually responsible to the owner or owners of the mortgage loans for the defined servicing activities.

Subd. 17. **Reverse mortgage.** "Reverse mortgage" has the meaning given in section 47.58, subdivision 1, paragraph (a).

Subd. 18. **Risk management assessment.** "Risk management assessment" means the functional evaluations performed under the risk management program and the reports provided to the board of directors under the relevant governance protocol.

Subd. 19. **Risk management program.** "Risk management program" means the policies and procedures designed to identify, measure, monitor, and mitigate risk commensurate with the covered institution's size and complexity.

Subd. 20. **Servicer.** "Servicer" has the meaning given in section 58.02, subdivision 20.

Subd. 21. **Servicing liquidity.** "Servicing liquidity" or "liquidity" means the financial resources necessary to manage liquidity risk arising from servicing functions required in acquiring and financing mortgage servicing rights; hedging costs, including margin calls, associated with the mortgage servicing rights asset and financing facilities; and advances or costs of advance financing for principal, interest, taxes, insurance, and any other servicing related advances.

Subd. 22. **Subservicer.** "Subservicer" means the entity performing routine administration of residential mortgage loans as the agent of a servicer or mortgage servicing rights investor under the terms of a subservicing contract.

Subd. 23. **Subservicing for others.** "Subservicing for others" means the contractual activities performed by subservicers on behalf of a servicer or mortgage servicing rights investor.

Subd. 24. **Tangible net worth.** "Tangible net worth" means total equity less receivables due from related entities, less goodwill and other intangibles, less pledged assets.

Subd. 25. **Whole loans.** "Whole loans" means a loan where a mortgage and the underlying credit risk is owned and held on a balance sheet of the entity possessing all ownership rights.

Sec. 64. **[58.21] APPLICABILITY; EXCLUSIONS.**

Subdivision 1. **Applicability.** Sections 58.20 to 58.23 apply to covered institutions. For entities within a holding company or an affiliated group of companies, sections 58.20 to 58.23 apply at the covered institution level.

Subd. 2. **Exclusions.** (a) Sections 58.20 to 58.23 do not apply to (1) persons exempt from licensing under sections 58.04 and 58.05, and (2) an institution of the Farm Credit System established and authorized in accordance with the Farm Credit Act of 1971, as amended, United States Code, title 12, section 2001 et seq.

(b) Section 58.22 does not apply to (1) servicers that solely own or conduct reverse mortgage servicing, or (2) the reverse mortgage portfolio administered by a covered institution.

Sec. 65. **[58.22] FINANCIAL CONDITION.**

Subdivision 1. **Compliance required.** A covered institution must maintain capital and liquidity in compliance with this section.

Subd. 2. **Generally accepted accounting principles.** For the purposes of complying with the capital and liquidity requirements of this section, all financial data must be determined in accordance with generally accepted accounting principles.

Subd. 3. **Federal Housing Finance Agency eligibility requirements; policies and procedures.** (a) A covered institution that meets the Federal Housing Finance Agency eligibility requirements for enterprise single-family sellers and servicers with respect to capital, net worth ratio, and liquidity meets the requirements of subdivisions 1 and 2, regardless of whether the servicer is approved for government-sponsored enterprise servicing.

(b) A covered institution must maintain written policies and procedures that implement the capital and servicing liquidity requirements of this section. The policies and procedures implemented pursuant to this paragraph must include a sustainable written methodology to satisfy the requirements of paragraph (a) and must be made available to the commissioner upon request.

Subd. 4. **Operating liquidity.** (a) A covered institution must maintain sufficient allowable assets for liquidity, in addition to the amounts required for servicing liquidity, to cover normal business operations.

(b) Covered institutions must have sound cash management and business operating plans that (1) match the complexity of the institution; and (2) ensure normal business operations.

(c) Management must develop, establish, and implement plans, policies, and procedures to maintain operating liquidity sufficient for the ongoing needs of the covered institution. Plans, policies, and procedures implemented pursuant to this paragraph must contain sustainable, written methodologies to maintain sufficient operating liquidity and must be made available to the commissioner upon request.

Sec. 66. **[58.23] CORPORATE GOVERNANCE.**

Subdivision 1. **Board of directors required.** A covered institution must establish and maintain a board of directors that is responsible for oversight of the covered institution.

Subd. 2. **Board of directors; alternative.** If a covered institution has not received approval to service loans by a government-sponsored enterprise or the Government National Mortgage Association, or if a government-sponsored enterprise or the Government National Mortgage Association has granted approval for a board of directors alternative, the covered institution may establish a similar body constituted to exercise oversight and fulfill the responsibilities specified under subdivision 3.

Subd. 3. **Board of directors; responsibilities.** The board of directors must:

(1) establish a written corporate governance framework, including appropriate internal controls designed to monitor corporate governance and assess compliance with the corporate governance framework, and must make the corporate governance framework available to the commissioner upon request;

(2) monitor and ensure the covered institution complies with (i) the corporate governance framework; and (ii) sections 58.20 to this section; and

(3) perform accurate and timely regulatory reporting, including filing the mortgage call report.

Subd. 4. **Internal audit.** The board of directors must establish internal audit requirements that (1) are appropriate for the size, complexity, and risk profile of the servicer; and (2) ensure appropriate independence to provide a reliable evaluation of the servicer's internal control structure, risk management, and governance. The board-established internal audit requirements and the results of internal audits must be made available to the commissioner upon request.

Subd. 5. **External audit.** (a) A covered institution must receive an external audit, including audited financial statements and audit reports, that is conducted by an independent public accountant annually. The external audit must be made available to the commissioner upon request.

(b) The external audit must include, at a minimum:

(1) annual financial statements, including (i) a balance sheet; (ii) a statement of operations and income statement; and (iii) cash flows, including notes and supplemental schedules prepared in accordance with generally accepted accounting principles;

(2) an assessment of the internal control structure;

(3) a computation of tangible net worth;

(4) validation of mortgage servicing rights valuation and reserve methodology, if applicable;

(5) verification of adequate fidelity and errors and omissions insurance; and

(6) testing of controls related to risk management activities, including compliance and stress testing, if applicable.

**Subd. 6. Risk management.** (a) Under oversight by the board of directors, a covered institution must establish a risk management program that identifies, measures, monitors, and controls risk commensurate with the covered institution's size and complexity. The risk management program must have appropriate processes and models in place to measure, monitor, and mitigate financial risks and changes to the servicer's risk profile and assets being serviced.

(b) The risk management program must be scaled to the size and complexity of the organization, including but not limited to:

(1) the potential that a borrower or counterparty fails to perform on an obligation;

(2) the potential that the servicer (i) is unable to meet the servicer's obligations as the obligations come due as a result of an inability to liquidate assets or obtain adequate funding; or (ii) cannot easily unwind or offset specific exposures;

(3) the risk resulting from (i) inadequate or failed internal processes, people, and systems; or (ii) external events;

(4) the risk to the servicer's condition resulting from adverse movements in market rates or prices;

(5) the risk of regulatory sanctions, fines, penalties, or losses resulting from the failure to comply with laws, rules, regulations, or other supervisory requirements that apply to the servicer;

(6) the potential that legal proceedings against the institution resulting in unenforceable contracts, lawsuits, legal sanctions, or adverse judgments can disrupt or otherwise negatively affect the servicer's operations or condition; and

(7) the risk to earnings and capital arising from negative publicity regarding the servicer's business practices.

**Subd. 7. Risk management assessment.** A covered institution must conduct a risk management assessment on an annual basis. The risk management assessment must conclude with a formal report to the board of directors and must be made available to the commissioner upon request. A covered institution must maintain evidence of risk management activities throughout the year and must include the evidence of risk management activities as part of the report. The risk management assessment must include issue findings and the response or action taken to address the issue findings.

Sec. 67. **[58B.011] STUDENT LOAN ADVOCATE.**

Subdivision 1. **Designation of a student loan advocate.** The commissioner of commerce must designate a student loan advocate within the Department of Commerce to provide timely assistance to borrowers and to effectuate this chapter.

Subd. 2. **Duties.** The student loan advocate has the following duties:

(1) receive, review, and attempt to resolve complaints from borrowers, including but not limited to attempts to resolve borrower complaints in collaboration with institutions of higher education, student loan servicers, and any other participants in student loan lending;

(2) compile and analyze data on borrower complaints received under clause (1);

(3) help borrowers understand the rights and responsibilities under the terms of student loans;

(4) provide information to the public, state agencies, legislators, and relevant stakeholders regarding the problems and concerns of borrowers;

(5) make recommendations to resolve the problems of borrowers;

(6) analyze and monitor the development and implementation of federal, state, and local laws, regulations, and policies relating to borrowers, and recommend any changes deemed necessary;

(7) review the complete student loan history for any borrower who has provided written consent to conduct the review;

(8) increase public awareness that the advocate is available to assist in resolving the student loan servicing concerns of potential and actual borrowers, institutions of higher education, student loan servicers, and any other participant in student loan lending; and

(9) take other actions as necessary to fulfill the duties of the advocate, as provided under this section.

Subd. 3. **Student loan education course.** The advocate must establish and maintain a borrower education course. The course must include educational presentations and materials regarding important topics in student loans, including but not limited to:

(1) the meaning of important terminology used in student lending;

(2) documentation requirements;

(3) monthly payment obligations;

(4) income-based repayment options;

(5) the availability of state and federal loan forgiveness programs; and

(6) disclosure requirements.

Subd. 4. **Reporting.** By January 15 of each odd-numbered year, the advocate must report to the legislative committees with primary jurisdiction over commerce and higher education. The report must describe the advocate's implementation of this section, the outcomes achieved by the advocate

during the previous two years, and recommendations to improve the regulation of student loan servicers.

Sec. 68. Minnesota Statutes 2022, section 80A.50, is amended to read:

**80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL CORPORATE OFFERING REGISTRATION.**

**(a) Federal covered securities.**

(1) **Required filing of records.** With respect to a federal covered security, as defined in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued under this chapter may require the filing of any or all of the following records:

(A) before the initial offer of a federal covered security in this state, all records that are part of a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933 and a consent to service of process complying with section 80A.88 signed by the issuer;

(B) after the initial offer of the federal covered security in this state, all records that are part of an amendment to a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933; and

(C) to the extent necessary or appropriate to compute fees, a report of the value of the federal covered securities sold or offered to persons present in this state, if the sales data are not included in records filed with the Securities and Exchange Commission.

(2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is effective for one year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule or order under this chapter to be filed. A previously filed consent to service of process complying with section 80A.88 may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With respect to a security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with section 80A.88 signed by the issuer not later than 15 days after the first sale of the federal covered security in this state.

(4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is a failure to comply with a notice or fee requirement of this section, the administrator may issue a stop order suspending the offer and sale of a federal covered security in this state. If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator.

(b) **Small corporation offering registration.**

(1) **Registration required.** A security meeting the conditions set forth in this section may be registered as set forth in this section.

(2) **Availability.** Registration under this section is available only to the issuer of securities and not to an affiliate of the issuer or to any other person for resale of the issuer's securities. The issuer must be organized under the laws of one of the states or possessions of the United States. The securities offered must be exempt from registration under the Securities Act of 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

(3) **Disqualification.** Registration under this section is not available to any of the following issuers:

(A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934;

(B) an investment company;

(C) a development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person;

(D) an issuer if the issuer or any of its predecessors, officers, directors, governors, partners, ten percent stock or equity holders, promoters, or any selling agents of the securities to be offered, or any officer, director, governor, or partner of the selling agent:

(i) has filed a registration statement that is the subject of a currently effective registration stop order entered under a federal or state securities law within five years before the filing of the small corporate offering registration application;

(ii) has been convicted within five years before the filing of the small corporate offering registration application of a felony or misdemeanor in connection with the offer, purchase, or sale of a security or a felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is currently subject to a state administrative enforcement order or judgment entered by a state securities administrator or the Securities and Exchange Commission within five years before the filing of the small corporate offering registration application, or is subject to a federal or state administrative enforcement order or judgment in which fraud or deceit, including, but not limited to, making untrue statements of material facts or omitting to state material facts, was found and the order or judgment was entered within five years before the filing of the small corporate offering registration application;

(iv) is currently subject to an order, judgment, or decree of a court of competent jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or decree of a court of competent jurisdiction permanently restraining or enjoining the party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the

making of a false filing with a state or with the Securities and Exchange Commission entered within five years before the filing of the small corporate offering registration application; or

(v) is subject to a state's administrative enforcement order, or judgment that prohibits, denies, or revokes the use of an exemption for registration in connection with the offer, purchase, or sale of securities,

(I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification is duly licensed or registered to conduct securities-related business in the state in which the administrative order or judgment was entered against the person or if the dealer employing the party is licensed or registered in this state and the form BD filed in this state discloses the order, conviction, judgment, or decree relating to the person, and

(II) except that the disqualification under this subdivision is automatically waived if the state securities administrator or federal agency that created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances to deny the registration.

**(4) Filing and effectiveness of registration statement.** A small corporate offering registration statement must be filed with the administrator. If no stop order is in effect and no proceeding is pending under section 80A.54, such registration statement shall become effective automatically at the close of business on the 20th day after filing of the registration statement or the last amendment of the registration statement or at such earlier time as the administrator may designate by rule or order. For the purposes of a nonissuer transaction, other than by an affiliate of the issuer, all outstanding securities of the same class identified in the small corporate offering registration statement as a security registered under this chapter are considered to be registered while the small corporate offering registration statement is effective. A small corporate offering registration statement is effective for one year after its effective date or for any longer period designated in an order under this chapter. A small corporate offering registration statement may be withdrawn only with the approval of the administrator.

**(5) Contents of registration statement.** A small corporate offering registration statement under this section shall be on Form U-7, including exhibits required by the instructions thereto, as adopted by the North American Securities Administrators Association, or such alternative form as may be designated by the administrator by rule or order and must include:

(A) a consent to service of process complying with section 80A.88;

(B) a statement of the type and amount of securities to be offered and the amount of securities to be offered in this state;

(C) a specimen or copy of the security being registered, unless the security is uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial equivalents in effect, and a copy of any indenture or other instrument covering the security to be registered;

(D) a signed or conformed copy of an opinion of counsel concerning the legality of the securities being registered which states whether the securities, when sold, will be validly issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

(E) the states (i) in which the securities are proposed to be offered; (ii) in which a registration statement or similar filing has been made in connection with the offering including information as to effectiveness of each such filing; and (iii) in which a stop order or similar proceeding has been entered or in which proceedings or actions seeking such an order are pending;

(F) a copy of the offering document proposed to be delivered to offerees; and

(G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering and any solicitation of interest used in compliance with section 80A.46(17)(B).

(6) **Copy to purchaser.** A copy of the offering document as filed with the administrator must be delivered to each person purchasing the securities prior to sale of the securities to such person.

(c) **Offering limit.** Offers and sales of securities under a small corporate offering registration as set forth in this section are allowed up to the limit prescribed by Code of Federal Regulations, title 17, part 230.504(b)(2), as amended.

Sec. 69. **[332.71] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 332.71 to 332.75, the definitions in this section have the meanings given them.

Subd. 2. **Coerced debt.** (a) "Coerced debt" means all or a portion of debt in a debtor's name that has been incurred as a result of:

(1) the use of the debtor's personal information without the debtor's knowledge, authorization, or consent;

(2) the use or threat of force, intimidation, undue influence, harassment, fraud, deception, coercion, or other similar means against the debtor; or

(3) economic abuse perpetrated against the debtor.

(b) Coerced debt does not include secured debt.

Subd. 3. **Creditor.** "Creditor" means a person, or the person's successor, assignee, or agent, claiming to own or have the right to collect a debt owed by the debtor.

Subd. 4. **Debtor.** "Debtor" means a person who (1) is a victim of domestic abuse, harassment, or sex or labor trafficking, and (2) owes coerced debt.

Subd. 5. **Documentation.** "Documentation" means a writing that identifies a debt or a portion of a debt as coerced debt, describes the circumstances under which the coerced debt was incurred, and takes the form of:

(1) a police report;

(2) a Federal Trade Commission identity theft report;

(3) an order in a dissolution proceeding under chapter 518 that declares that one or more debts are coerced; or

(4) a sworn written certification.

Subd. 6. **Domestic abuse.** "Domestic abuse" has the meaning given in section 518B.01, subdivision 2.

Subd. 7. **Economic abuse.** "Economic abuse" means behavior in the context of a domestic relationship that controls, restrains, restricts, impairs, or interferes with the ability of a victim of domestic abuse, harassment, or sex or labor trafficking to acquire, use, or maintain economic resources, including but not limited to:

(1) withholding or restricting access to, or the acquisition of, money, assets, credit, or financial information;

(2) interfering with the victim's ability to work and earn wages; or

(3) exerting undue influence over a person's financial and economic behavior or decisions.

Subd. 8. **Harassment.** "Harassment" has the meaning given in section 609.748.

Subd. 9. **Labor trafficking.** "Labor trafficking" has the meaning given in section 609.281, subdivision 5.

Subd. 10. **Qualified third-party professional.** "Qualified third-party professional" means:

(1) a domestic abuse advocate, as defined under section 595.02, subdivision 1, paragraph (l);

(2) a sexual assault counselor, as defined under section 595.02, subdivision 1, paragraph (k);

(3) a licensed health care provider, mental health care provider, social worker, or marriage and family therapist; or

(4) a nonprofit organization in Minnesota that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking.

Subd. 11. **Sex trafficking.** "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.

Subd. 12. **Sworn written certification.** "Sworn written certification" means a statement by a qualified third-party professional in the following form:

CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

I, ..... (name of qualified third-party professional), do hereby certify under penalty of perjury as follows:

1. I am a licensed health care provider, mental health care provider, social worker, marriage and family therapist, domestic abuse advocate, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (l), or sexual assault counselor, as that term is defined in Minnesota

Statutes, section 595.02, subdivision 1, paragraph (k), or a staff member of a nonprofit organization that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking, who has had in-person contact or face-to-face contact through an electronic medium with ..... (name of debtor).

2. Based on my professional interactions with the debtor and information presented to me in my professional capacity, I have a reasonable basis to believe ..... (name of debtor) is a victim of domestic abuse, harassment, sex trafficking or labor trafficking and has incurred all or a portion of debt that is coerced debt, as that term is defined in Minnesota Statutes, section 332.71, subdivision 2.

3. Based on my professional interactions with the debtor and on information presented to me, I have reason to believe that the circumstances under which the coerced debt was incurred are as follows:

4. The following debts or portions of the debts have been identified to me as coerced:

I attest that the foregoing is true and correct.

(Printed name of qualified third party)

(Signature of qualified third party)

(Business address and business telephone)

(Date)

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 70. **[332.72] COERCED DEBT PROHIBITED.**

A person is prohibited from causing another person to incur coerced debt.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 71. **[332.73] NOTICE TO CREDITOR OF COERCED DEBT.**

Subdivision 1. **Notification.** (a) Before taking an affirmative action under section 332.74, a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on which the creditor demands payment is coerced debt and request that the creditor cease all collection activity on the coerced debt. The notification and request must be in writing and include documentation. The creditor, within 30 days of the date the notification and request is received, must notify the debtor in writing of the creditor's decision to either immediately cease all collection activity or continue to pursue collection.

(b) If a creditor ceases collection but subsequently decides to resume collection activity, the creditor must notify the debtor ten days prior to the date the collection activity resumes.

(c) A debtor must not proceed with an action under section 332.74 until the 30-day period provided under paragraph (a) has expired.

Subd. 2. **Sale or assignment of coerced debt.** A creditor may sell or assign a debt for which the creditor has been notified is coerced debt to another party if the creditor selling or assigning the debt includes notification to the buyer or assignee that the debtor has asserted the debt is coerced debt.

Subd. 3. **No inference upon cessation of collection activity.** The fact that a creditor ceases collection activity under this section or section 332.74 does not create an inference or presumption regarding the validity or invalidity of a debt for which a debtor is liable or not liable. The exercise or nonexercise of rights under this section is not a waiver of any other debtor or creditor rights or defenses.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

**Sec. 72. [332.74] DEBTOR REMEDIES.**

Subdivision 1. **Right to petition for declaration and injunction.** A debtor alleging violation of section 332.72 may petition for equitable relief in the district court in the county where the debtor lives or where the coerced debt was incurred. The petition must include:

(1) the notice to the creditor required under section 332.73, subdivision 1;

(2) consistent with Rule 11 of the Minnesota Rules of General Practice, information identifying (i) the account or accounts associated with the coerced debt, and (ii) the person in whose name the debt was incurred; and

(3) the identity and, if known, contact information of the person who caused the debtor to incur coerced debt, unless the debtor signs a sworn statement that disclosing the information is likely to result in domestic abuse or other harm to the debtor, the debtor's children, parents, other relatives, or a family pet.

Subd. 2. **Procedural safeguards.** The court must take appropriate steps necessary to prevent abuse of the debtor or to the debtor, the debtor's children, parents, other relatives, or a family pet. For purposes of this subdivision, appropriate steps include but are not limited to sealing the file, marking the file as confidential, redacting personally identifiable information about the debtor, and directing that any deposition or evidentiary hearing be conducted remotely.

Subd. 3. **Relief.** (a) If a debtor shows by a preponderance of the evidence that the debtor has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced debt, the debtor is entitled to one or more of the following:

(1) a declaratory judgment that the debt or portion of a debt is coerced debt;

(2) an injunction prohibiting the creditor from (i) holding or attempting to hold the debtor liable for the debt or portion of a debt, or (ii) enforcing a judgment related to the coerced debt; and

(3) an order dismissing any cause of action brought by the creditor to enforce or collect the coerced debt from the debtor or, if only a portion of the debt is established as coerced debt, an order directing that the judgment, if any, in the action be amended to reflect only the portion of the debt that is not coerced debt.

(b) If the court orders relief for the debtor under paragraph (a), the court, after the creditor's motion has been served by United States mail to the last known address of the person who violated section 332.72, shall issue a judgment in favor of the creditor against the person in the amount of the debt or a portion thereof.

(c) This subdivision applies regardless of the judicial district in which the creditor's action or the debtor's petition was filed.

Subd. 4. **Affirmative defense.** In an action against a debtor to satisfy a debt, it is an affirmative defense that the debtor incurred coerced debt.

Subd. 5. **Burden.** In any affirmative action taken under subdivision 1 or any affirmative defense asserted in subdivision 4, the debtor bears the burden to show by a preponderance of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced debt has been criminally convicted, entered a guilty plea, or entered an Alford plea under section 609.27, 609.282, 609.322, or 609.527.

Subd. 6. **Statute of limitations tolled.** (a) The statute of limitations under section 541.05 is tolled during the pendency of a proceeding instituted under this section.

(b) A creditor is prohibited from filing a collection action regarding a debt that is the subject of a proceeding instituted under this section while the proceeding is pending.

(c) If a debtor commences a proceeding under this section while a collection action is pending against the debtor regarding a debt that is subject to the proceeding, the court must immediately stay the collection action pending the disposition of the proceeding under this section.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 73. **[332.75] CREDITOR REMEDIES.**

Nothing in sections 332.71 to 332.74 diminishes the rights of a creditor to seek payment recovery for a coerced debt from the person who caused the debtor to incur the coerced debt.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 74. **UNAUDITED FINANCIAL STATEMENTS; RULEMAKING.**

The commissioner of commerce shall amend Minnesota Rules, part 2876.3021, subpart 2, to remove the prohibition on use of unaudited financial statements if the aggregate amount of all previous sales of securities by the applicant, exclusive of debt financing with banks and similar commercial lenders, exceeds \$1,000,000. The commissioner of commerce may use the good cause

exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend the rule under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 75. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION; GRANTS.**

(a) The grants provided under article 1, section 3, to the Minnesota Council on Economic Education must be used by the council to:

(1) provide professional development to Minnesota teachers of courses or content related to personal finance or consumer protection for students in grades 9 through 12;

(2) support the direct-to-student ancillary personal finance programs that Minnesota teachers supervise and coach or that the Minnesota Council on Economic Education delivers directly to students; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education engaged in financial literacy education as it pertains to financial literacy education initiatives, including those based at Minnesota State University Mankato, St. Cloud State University, and St. Catherine University, as their work relates to activities in clauses (1) and (2).

(b) The Minnesota Council on Economic Education must prepare and submit reports to the commissioner of education in the form and manner prescribed by the commissioner that:

(1) describe the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or its affiliated state centers;

(2) list the content, length, and location of the programs;

(3) identify the number of preservice and licensed teachers receiving professional development through each of these opportunities;

(4) summarize evaluations of professional opportunities for teachers; and

(5) list the number, types, and summary evaluations of the direct-to-student ancillary personal finance programs that are supported with funds from the grant.

(c) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must provide a mid-year report to the commissioner of education and, on August 15 of each year following receipt of a grant, the Minnesota Council on Economic Education must prepare a year-end report according to the requirements of paragraph (b). The reports must be prepared and filed according to Minnesota Statutes, section 3.195. The commissioner may request additional information as necessary.

Sec. 76. **REPEALER.**

(a) Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06; 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16; 53B.17; 53B.18;

53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and 53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.

(b) Minnesota Statutes 2022, section 48.10, is repealed.

(c) Minnesota Rules, parts 2675.2610, subparts 1, 3, and 4; 2675.2620, subparts 1, 2, 3, 4, and 5; and 2675.2630, subpart 3, are repealed.

#### ARTICLE 4

##### COMMERCIAL REGULATION AND CONSUMER PROTECTION

Section 1. Minnesota Statutes 2022, section 53C.01, is amended by adding a subdivision to read:

Subd. 4a. **Global positioning system starter interrupt device.** "Global positioning system starter interrupt device" or "GPS starter interrupt device" means a device installed on a motor vehicle by a motor vehicle dealer that enables an individual who is not in possession of the motor vehicle to remotely disable the motor vehicle's ignition. GPS starter interrupt device includes a device commonly referred to as a fuel or ignition kill switch.

Sec. 2. Minnesota Statutes 2022, section 53C.01, subdivision 12c, is amended to read:

Subd. 12c. **Theft deterrent device.** "Theft deterrent device" means the following devices:

- (1) a vehicle alarm system;
- (2) a window etch product;
- (3) a body part marking product;
- (4) a steering lock; or
- (5) a pedal or ignition lock; ~~or~~
- ~~(6) a fuel or ignition kill switch.~~

Sec. 3. Minnesota Statutes 2022, section 53C.08, subdivision 1a, is amended to read:

Subd. 1a. **Disclosures required.** Prior to the execution of a retail installment contract, the seller shall provide to a buyer, and obtain the buyer's signature on, a written disclosure that sets forth the following information:

(1) a description and the total price of all items sold in the following categories if the contract includes a charge for the item:

- (i) a service contract;
- (ii) an insurance product;
- (iii) a debt cancellation agreement;

(iv) a theft deterrent device; or

(v) a surface protection product;

(2) whether a GPS starter interrupt device is installed on the motor vehicle, regardless of whether the contract includes a charge for the GPS starter interrupt device;

(3) the amount that would be calculated under the contract as the regular installment payment if charges for the items referenced under clause (1) are not included in the contract;

(~~3~~) (4) the amount that would be calculated under the contract as the regular installment payment if charges for the items referenced under clause (1) are included in the contract; and

(~~4~~) (5) the disclosures required under this subdivision must be in at least ten-point type and must be contained in a single document that is separate from the retail installment contract and any other vehicle purchase documents.

Sec. 4. Minnesota Statutes 2022, section 80E.041, subdivision 4, is amended to read:

Subd. 4. **Retail rate for labor.** (a) Compensation for warranty labor must equal the dealer's effective nonwarranty labor rate multiplied by the time ~~allowances recognized by the manufacturer to compensate its dealers for warranty work~~ guide used by the dealer for nonwarranty customer-paid service repair orders. If no time guide exists for a warranty repair, compensation for warranty labor must equal the dealer's effective nonwarranty labor rate multiplied by the time actually spent to complete the repair order and must not be less than the time charged to retail customers for the same or similar work performed. The effective nonwarranty labor rate is determined by dividing the total customer labor charges for qualifying nonwarranty repairs in the repair orders submitted under subdivision 2 by the total number of labor hours that generated those sales. Compensation for warranty labor must include ~~reasonable~~ all diagnostic time for repairs performed under this section, including but not limited to all time spent communicating with the manufacturer's technical assistance or external manufacturer source in order to provide a warranty repair, and must not be less than the time charged to retail customers for the same or similar work performed.

(b) A manufacturer may disapprove a dealer's effective nonwarranty labor rate if:

(1) the disapproval is provided to the dealer in writing;

(2) the disapproval is sent to the dealer within 30 days of the submission of the effective nonwarranty labor rate by the dealer to the manufacturer;

(3) the disapproval includes a reasonable substantiation that the effective nonwarranty labor rate submission is inaccurate, incomplete, or unreasonable in light of a comparison to the retail rate charged by other similarly situated franchised motor vehicle dealers in a comparable geographic area in the state offering the same line-make vehicles; and

(4) the manufacturer proposes an adjustment of the effective nonwarranty labor rate.

(c) If a manufacturer fails to approve or disapprove the rate within this time period, the rate is approved. If a manufacturer disapproves a dealer's effective nonwarranty labor rate, and the dealer does not agree to the manufacturer's proposed adjustment, the parties shall use the manufacturer's

internal dispute resolution procedure, if any, within a reasonable time after the dealer notifies the manufacturer of their failure to agree. If the manufacturer's internal dispute resolution procedure is unsuccessful, or if the procedure is not implemented within a reasonable time after the dealer notifies the manufacturer of their failure to agree, the dealer may use the civil remedies available under section 80E.17. A dealer must file a civil suit under section 80E.17, as permitted by this subdivision, within 60 days of receiving the manufacturer's proposed adjustment to the effective nonwarranty labor rate, or the conclusion of the manufacturer's internal dispute resolution procedure, whichever is later.

**EFFECTIVE DATE.** This section is effective October 1, 2023.

Sec. 5. Minnesota Statutes 2022, section 325D.01, subdivision 5, is amended to read:

Subd. 5. **Cost.** The term "cost," as applied to the wholesale or retail vendor, means:

(1) the actual current delivered invoice or replacement cost, whichever is lower, without deducting customary cash discounts, plus any excise or sales taxes imposed on such commodity, goods, wares or merchandise subsequent to the purchase thereof and prior to the resale thereof, plus the cost of doing business at that location by the vendor;

(2) where a manufacturer publishes a list price and discounts, in determining such "cost" the manufacturer's published list price then currently in effect, less the published trade discount but without deducting the customary cash discount, plus any excise or sales taxes imposed on such commodity, goods, wares or merchandise subsequent to the purchase thereof and prior to the resale thereof, plus the cost of doing business by the vendor shall be prima facie evidence of "cost"; and

(3) for purposes of gasoline offered for sale by way of posted price or indicating meter by a retailer, at a retail location where gasoline is dispensed into passenger automobiles and trucks by the consumer, "cost" means either:

(i) the average terminal price on the day, at the terminal from which the most recent supply of gasoline delivered to the retail location was acquired, plus all applicable state and federal excise taxes and fees; or

(ii) the actual current delivered invoice or replacement cost of the gasoline, whichever is lower, plus all applicable state and federal excise taxes and fees; ~~plus the lesser of six percent or eight cents.~~

Sec. 6. Minnesota Statutes 2022, section 325D.44, subdivision 1, is amended to read:

Subdivision 1. **Acts constituting.** A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

(1) passes off goods or services as those of another;

(2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;

(3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with, or certification by, another;

(4) uses deceptive representations or designations of geographic origin in connection with goods or services;

(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

(6) represents that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, or secondhand;

(7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

(8) disparages the goods, services, or business of another by false or misleading representation of fact;

(9) advertises goods or services with intent not to sell them as advertised;

(10) advertises goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity;

(11) makes false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

(12) in attempting to collect delinquent accounts, implies or suggests that health care services will be withheld in an emergency situation; ~~or~~

(13) engages in (i) unfair methods of competition, or (ii) unfair or unconscionable acts or practices; or

~~(13)~~ (14) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

Sec. 7. Minnesota Statutes 2022, section 325D.44, subdivision 2, is amended to read:

Subd. 2. **Proof.** (a) In order to prevail in an action under sections 325D.43 to 325D.48, a complainant need not prove competition between the parties or actual confusion or misunderstanding.

(b) For purposes of subdivision 1, clause (13), the standard of proof provided under section 325F.69, subdivision 8, applies.

Sec. 8. Minnesota Statutes 2022, section 325D.71, is amended to read:

### **325D.71 UNLAWFUL GASOLINE SALES.**

(a) Any offer for sale of gasoline by a retailer by way of posted price or indicating meter that is below cost, as defined by section 325D.01, subdivision 5, clause (3), is a violation of section 325D.04, except that the criminal penalties in section 325D.071 do not apply. In addition to the penalties for violations and the remedies provided for injured parties set forth elsewhere in this chapter, the commissioner of commerce may use the authority under section 45.027 for the purpose

of preventing violations of this section. A retailer who sells gasoline at the same or higher legally posted price of a competitor in the same market area, on the same day, is not in violation of this section.

(b) A retailer who offers gasoline for sale at a price below cost as part of a promotion at an individual location for no more than three days in any calendar quarter is not in violation of this section.

(c) A retailer who offers gasoline for sale at a price below cost through the use of coupons, loyalty programs, membership-based pricing programs, or promotions or programs of similar import is not in violation of this section.

Sec. 9. Minnesota Statutes 2022, section 325E.31, is amended to read:

**325E.31 REMEDIES.**

(a) A person who is found to have violated sections 325E.27 to 325E.30 is subject to the penalties and remedies, including a private right of action to recover damages, as provided in section 8.31.

(b) In addition to the penalties and remedies under paragraph (a), the attorney general is entitled to sue for and recover on behalf of the state a civil penalty from a person found to have violated sections 325E.27 to 325E.30. The court must determine the civil penalty amount, which must not exceed \$50,000.

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

Sec. 10. **[325E.67] POST-LOSS ASSIGNMENT OF BENEFITS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Residential contractor" means a residential roofer, as defined in section 326B.802, subdivision 14; a residential building contractor, as defined in section 326B.802, subdivision 11; or a residential remodeler, as defined in section 326B.802, subdivision 12.

(c) "Residential real estate" means a new or existing building, including appurtenant structures, constructed for habitation by at least one family but no more than four families.

Subd. 2. **Post-loss assignment.** A post-loss assignment of rights or benefits to a residential contractor under a property and casualty insurance policy insuring residential real estate must comply with the following:

(1) the assignment must only authorize a residential contractor to be named as a copayee for the payment of benefits under a property and casualty insurance policy covering residential real estate;

(2) the assignment must include all of the following:

(i) an itemized description of the work to be performed;

(ii) an itemized description of materials, labor, and fees for the work to be performed; and

(iii) a total itemized amount to be paid for the work to be performed;

(3) the assignment must include a statement that the residential contractor has made no assurances that the claimed loss is fully covered by an insurance contract and must include the following notice in capitalized 14-point type:

"YOU ARE AGREEING TO ASSIGN CERTAIN RIGHTS YOU HAVE UNDER YOUR INSURANCE POLICY. THE ITEMIZED DESCRIPTION OF THE WORK PERFORMED, AS SET FORTH IN THIS ASSIGNMENT FORM, HAS NOT BEEN AGREED TO BY THE INSURER. PLEASE READ AND UNDERSTAND THIS DOCUMENT BEFORE SIGNING. THE INSURER MAY ONLY PAY FOR THE REASONABLE COST TO REPAIR OR REPLACE DAMAGED PROPERTY CAUSED BY A COVERED PERIL, SUBJECT TO THE TERMS OF THE POLICY.";

(4) the named insured has the right to cancel the assignment within ten business days after receipt of the scope of work by the insurance company. The cancellation must be made in writing or a comparable digital format. Within ten business days of the date of the written cancellation, the residential contractor must tender to the named insured, the landowner, or the possessor of the real estate any payments, partial payments, or deposits that have been made by that person;

(5) the assignment must include the following notice in capitalized 14-point type, located in the immediate proximity of the space reserved in the assignment for the signature of the named insured:

"YOU MAY CANCEL THIS ASSIGNMENT WITHOUT PENALTY WITHIN TEN (10) BUSINESS DAYS FROM THE LATER OF THE DATE THE ASSIGNMENT IS EXECUTED OR THE DATE ON WHICH YOU RECEIVE A COPY OF THE EXECUTED ASSIGNMENT. YOU MUST CANCEL THE ASSIGNMENT IN WRITING AND THE CANCELLATION MUST BE DELIVERED TO [insert the name and address of residential contractor as provided by the residential contractor]. IF MAILED, THE CANCELLATION MUST BE POSTMARKED ON OR BEFORE THE TEN (10) BUSINESS DAY DEADLINE. IF YOU CANCEL THIS ASSIGNMENT, THE RESIDENTIAL CONTRACTOR HAS UP TO TEN (10) BUSINESS DAYS TO RETURN ANY PAYMENTS OR DEPOSITS YOU HAVE MADE.";

(6) the assignment must not impair the interests of a mortgagee or other parties with any legal interests listed on the declarations page of the property and casualty insurance policy that is the subject of the assignment; and

(7) the assignment must not prevent or inhibit an insurer from communicating with the named insured or mortgagee listed on the declarations page of the property and casualty insurance policy that is the subject of the assignment.

Subd. 3. **Other requirements.** A residential contractor receiving the assignment described in subdivision 2 must:

(1) deliver a copy of the assignment to the insurer of the residential real estate within five business days of the date the assignment is executed;

(2) cooperate with the insurer of the residential real estate in an investigation into the claim by providing documents and records requested by the insurer and complying with the post-loss duties under the insurance policy; and

(3) comply with section 325E.66.

Subd. 4. **Certain assignments void.** A post-loss assignment of benefits entered into with a residential contractor that violates any provision of the federal Insured Homeowner's Protection Act of 1998, Public Law 105-216, as amended, is void.

Sec. 11. [325E.72] DIGITAL FAIR REPAIR.

Subdivision 1. **Short title.** This act may be cited as the "Digital Fair Repair Act."

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Authorized repair provider" means an individual or business who is unaffiliated with an original equipment manufacturer and who has: (1) an arrangement with the original equipment manufacturer, for a definite or indefinite period, under which the original equipment manufacturer grants to the individual or business a license to use a trade name, service mark, or other proprietary identifier to offer diagnostic, maintenance, or repair services for digital electronic equipment under the name of the original equipment manufacturer; or (2) an arrangement with the original equipment manufacturer to offer diagnostic, maintenance, or repair services for digital electronic equipment on behalf of the original equipment manufacturer. An original equipment manufacturer that offers diagnostic, maintenance, or repair services for the original equipment manufacturer's digital electronic equipment is considered an authorized repair provider with respect to the digital electronic equipment if the original equipment manufacturer does not have an arrangement described in this paragraph with an unaffiliated individual or business.

(c) "Contractor" has the meaning given in section 326B.31, subdivision 14.

(d) "Cybersecurity" means the practice of protecting networks, devices, and data from unauthorized access or criminal use and the practice of ensuring the confidentiality, integrity, and availability of information.

(e) "Digital electronic equipment" or "equipment" means any hardware product that depends, in whole or in part, on digital electronics embedded in or attached to the product in order for the product to function, for which the original equipment manufacturer makes available tools, parts, or documentation to authorized repair providers.

(f) "Documentation" means a manual, diagram, reporting output, service code description, schematic diagram, or similar information made available by an original equipment manufacturer to an authorized repair provider to facilitate diagnostic, maintenance, or repair services for digital electronic equipment.

(g) "Embedded software" means any programmable instructions provided on firmware delivered with digital electronic equipment, or with a part for the equipment, in order to operate the equipment.

Embedded software includes all relevant patches and fixes made by the manufacturer of the equipment or part in order to operate the equipment.

(h) "Fair and reasonable terms" means, with respect to:

(1) parts for digital electronic equipment offered by an original equipment manufacturer:

(i) costs that are fair to both parties; and

(ii) terms under which an original equipment manufacturer offers the part to an authorized repair provider and which:

(A) is not conditioned on or imposing a substantial obligation to use or restrict the use of the part to diagnose, maintain, or repair digital electronic equipment sold, leased, or otherwise supplied by the original equipment manufacturer, including a condition that the owner or independent repair provider become an authorized repair provider of the original equipment manufacturer; or

(B) a requirement that a part be registered, paired with, or approved by the original equipment manufacturer or an authorized repair provider before the part is operational or prohibit an original equipment manufacturer from imposing any additional cost or burden that is not reasonably necessary or is designed to be an impediment on the owner or independent repair provider;

(2) tools, software, and documentation for digital electronic equipment offered by an original equipment manufacturer:

(i) costs that are equivalent to the lowest actual cost for which the original equipment manufacturer offers the tool, software, or documentation to an authorized repair provider, including any discount, rebate, or other financial incentive offered to an authorized repair provider; and

(ii) terms that are equivalent to the most favorable terms under which an original equipment manufacturer offers the tool, software, or documentation to an authorized repair provider, including the methods and timeliness of delivery of the tool, software, or documentation, do not impose on an owner or an independent repair provider:

(A) a substantial obligation to use or restrict the use of the tool, software, or documentation to diagnose, maintain, or repair digital electronic equipment sold, leased, or otherwise supplied by the original equipment manufacturer, including a condition that the owner or independent repair provider become an authorized repair provider of the original equipment manufacturer; or

(B) a requirement that a tool be registered, paired with, or approved by the original equipment manufacturer or an authorized repair provider before the part or tool is operational; and

(3) documentation offered by an original equipment manufacturer: that the documentation is made available by the original equipment manufacturer at no charge, except that when the documentation is requested in physical printed form, a charge may be included for the reasonable actual costs of preparing and sending the copy.

(i) "Independent repair provider" means an individual or business operating in Minnesota that:

(1) does not have an arrangement described in paragraph (b) with an original equipment manufacturer;

(2) is not affiliated with any individual or business that has an arrangement described in paragraph

(b); and (3) is engaged in providing diagnostic, maintenance, or repair services for digital electronic equipment. An original equipment manufacturer or, with respect to the original equipment manufacturer, an individual or business that has an arrangement with the original equipment manufacturer or is affiliated with an individual or business that has an arrangement with that original equipment manufacturer, is considered an independent repair provider for purposes of the instances the original equipment manufacturer engages in diagnostic, maintenance, or repair services for digital electronic equipment that is not manufactured by or sold under the name of the original equipment manufacturer.

(j) "Manufacturer of motor vehicle equipment" means a business engaged in the business of manufacturing or supplying components used to manufacture, maintain, or repair a motor vehicle.

(k) "Motor vehicle" means a vehicle that is: (1) designed to transport persons or property on a street or highway; and (2) certified by the manufacturer under (i) all applicable federal safety and emissions standards, and (ii) all requirements for distribution and sale in the United States. Motor vehicle does not include a recreational vehicle or an auto home equipped for habitation.

(l) "Motor vehicle dealer" means an individual or business that, in the ordinary course of business: (1) is engaged in the business of selling or leasing new motor vehicles to an individual or business pursuant to a franchise agreement; (2) has obtained a license under section 168.27; and (3) is engaged in providing diagnostic, maintenance, or repair services for motor vehicles or motor vehicle engines pursuant to a franchise agreement.

(m) "Motor vehicle manufacturer" means a business engaged in the business of manufacturing or assembling new motor vehicles.

(n) "Original equipment manufacturer" means any individual or business that, in the normal course of business, is engaged in the business of selling or leasing to any individual or business new digital electronic equipment manufactured by or on behalf of the original equipment manufacturer.

(o) "Owner" means an individual or business that owns or leases digital electronic equipment purchased or used in Minnesota.

(p) "Part" means any replacement part or assembly of parts, either new or used, made available by an original equipment manufacturer to authorized repair providers to facilitate the maintenance or repair of digital electronic equipment manufactured or sold by the original equipment manufacturer.

(q) "Personally identifiable information" means any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means.

(r) "Tool" means any software program, hardware implement, or other apparatus used for diagnosis, maintenance, or repair of digital electronic equipment, including software or other mechanisms that provide, program, pair a part, calibrate functionality, or perform any other function required to repair the original equipment or part back to fully functional condition, including updates.

(s) "Trade secret" has the meaning given in section 325C.01, subdivision 5.

(t) "Video game console" means a computing device, such as a console machine, a handheld console device, or another device or system, and its components and peripherals, that is primarily used by consumers for playing video games but which is neither a general nor an all-purpose computer. A general or all-purpose computer includes but is not limited to a desktop computer, laptop, tablet, or cell phone.

Subd. 3. **Requirements.** (a) For digital electronic equipment and parts for the equipment sold or used in Minnesota, an original equipment manufacturer must make available to any independent repair provider or to the owner of digital electronic equipment manufactured by or on behalf of, or sold by, the original equipment manufacturer, on fair and reasonable terms, documentation, parts, and tools, inclusive of any updates to information or embedded software, for diagnostic, maintenance, or repair purposes. Nothing in this section requires an original equipment manufacturer to make available a part, tools, or documentation if it is no longer available to the original equipment manufacturer.

(b) Such parts, tools, and documentation shall be made available within 60 days after the first sale of the digital electronic equipment in Minnesota.

Subd. 4. **Enforcement by attorney general.** A violation of this section is an unlawful practice under section 325D.44. All remedies, penalties, and authority granted to the attorney general under section 8.31 are available to the attorney general to enforce this section.

Subd. 5. **Limitations.** (a) Nothing in this section requires an original equipment manufacturer to divulge a trade secret or license any intellectual property to an owner or an independent service provider, except as necessary to provide documentation, parts, and tools on fair and reasonable terms.

(b) Nothing in this section alters the terms of any arrangement described in subdivision 2, paragraph (b), including but not limited to the performance or provision of warranty or recall repair work by an authorized repair provider on behalf of an original equipment manufacturer pursuant to the arrangement, in force between an authorized repair provider and an original equipment manufacturer. A provision in the terms of an arrangement described in subdivision 2, paragraph (b), that purports to waive, avoid, restrict, or limit the original equipment manufacturer's obligations to comply with this section is void and unenforceable.

(c) Nothing in this section requires an original equipment manufacturer or an authorized repair provider to provide to an owner or independent repair provider access to information, other than documentation, that is provided by the original equipment manufacturer to an authorized repair provider pursuant to the terms of an arrangement described in subdivision 2, paragraph (b).

(d) Nothing in this section requires an original equipment manufacturer or authorized repair provider to make available any parts, tools, or documentation for the purpose of making modifications to any digital electronic equipment.

(e) Nothing in this section shall be construed to require the original equipment manufacturer to sell service parts if the service parts are no longer provided by the original equipment manufacturer or made available to authorized repair providers of the original equipment manufacturer.

(f) Nothing in this section shall require an original manufacturer to make available special documentation, tools, and parts that would disable or override antitheft security measures set by the owner of the equipment without the owner's authorization.

(g) Nothing in this section shall apply if the original equipment manufacturer provides equivalent or better, readily available replacement equipment at no charge to the customer.

(h) Nothing in this section requires the original manufacturer to provide access to parts, tools, or documentation for work that is required to be done or supervised by an individual or contractor licensed under chapter 326B or with any individual or contractor who does not possess the relevant license required for that work.

Subd. 6. Exclusions. (a) Nothing in this section applies to: (1) a motor vehicle manufacturer, manufacturer of motor vehicle equipment, or motor vehicle dealer acting in that capacity; or (2) any product or service of a motor vehicle manufacturer, manufacturer of motor vehicle equipment, or motor vehicle dealer acting in that capacity.

(b) Nothing in this section applies to manufacturers or distributors of a medical device as defined in the Federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 301 et seq., or a digital electronic product or software manufactured for use in a medical setting including diagnostic, monitoring, or control equipment or any product or service that the manufacturer or distributor of a medical device offers.

(c) Nothing in this section applies to manufacturers, distributors, importers, or dealers of any off-road or nonroad equipment, including without limitation farm and utility tractors; farm implements; farm machinery; forestry equipment; industrial equipment; utility equipment; construction equipment; compact construction equipment; road-building equipment; electronic vehicle charging infrastructure equipment; mining equipment; turf, yard, and garden equipment; outdoor power equipment; portable generators; marine, all-terrain sports, and recreational vehicles, including without limitation racing vehicles; stand-alone or integrated stationary or mobile internal combustion engines; generator sets and fuel cell power; power tools; and any tools, technology, attachments, accessories, components, and repair parts for any of the foregoing.

(d) Nothing in this section shall be construed to require any original equipment manufacturer or authorized repair provider to make available any parts, tools, or documentation required for the diagnosis, maintenance, or repair of a video game console and its components and peripherals.

(e) Nothing in this section applies to an energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f).

(f) Nothing in this section requires an original equipment manufacturer to make available parts, documentation, or tools related to cybersecurity, except as necessary for the repair or maintenance of equipment. Notwithstanding anything in this section to the contrary, an original equipment manufacturer is not required to make available parts, documentation, or tools related to cybersecurity which: (1) could reasonably give a recipient or third-party access to trade secret or personally identifiable information owned or possessed by an original equipment manufacturer for itself or on behalf of another person; (2) is protected from disclosure under other laws of this state; or (3) could reasonably be used to compromise cybersecurity or cybersecurity equipment.

(g) Nothing in this section applies to information technology equipment that is intended for use in critical infrastructure, as defined in United States Code, title 42, section 5195c(e).

Subd. 7. **Liability, defenses, and warranties.** No original equipment manufacturer or authorized repair provider shall be liable for any damage or injury caused to any digital electronic equipment, person, or property that occurs as a result of repair, diagnosis, maintenance, or modification performed by an independent repair provider or owner, including but not limited to any indirect, incidental, special, or consequential damages; any loss of data, privacy, or profits; or an inability to use, or reduced functionality of, the digital electronic equipment.

Subd. 8. **Applicability.** This section applies to equipment sold on or after July 1, 2021.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 12. **[325E.80] ABNORMAL MARKET DISRUPTIONS; UNCONSCIONABLY EXCESSIVE PRICES.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Essential consumer good or service" means a good or service that is vital and necessary for the health, safety, and welfare of the public, including without limitation: food; water; fuel; gasoline; shelter; construction materials; transportation; health care services; pharmaceuticals; and medical, personal hygiene, sanitation, and cleaning supplies.

(c) "Seller" means a manufacturer, supplier, wholesaler, distributor, or retail seller of goods and services.

(d) "Unconscionably excessive price" means a price that represents a gross disparity compared to the seller's average price of an essential good or service, offered for sale or sold in the usual course of business, in the 60-day period before an abnormal market disruption is declared under subdivision 2. None of the following is an unconscionably excessive price:

(1) a price that is substantially related to an increase in the cost of manufacturing, obtaining, replacing, providing, or selling a good or service;

(2) a price that is no more than 25 percent above the seller's average price during the 60-day period before an abnormal market disruption is declared under subdivision 2;

(3) a price that is consistent with the fluctuations in applicable commodity markets or seasonal fluctuations; or

(4) a contract price, or the results of a price formula, that was established before an abnormal market disruption is declared under subdivision 2.

Subd. 2. **Abnormal market disruption.** (a) The governor may by executive order declare an abnormal market disruption if, in the governor's sole determination, there has been or is likely to be a substantial and atypical change in the market for an essential consumer good or service caused by an event or circumstances that result in a declaration of a state of emergency by the governor.

The governor may specify an effective period for a declaration under this section that is shorter than the effective period for the state of emergency declaration.

(b) The governor's abnormal market disruption declaration must state that the declaration is activating this section and must specify the geographic area of Minnesota to which the declaration applies.

(c) Unless an earlier date is specified by the governor, an abnormal market disruption declaration under this subdivision terminates 30 days after the date that the state of emergency for which it was activated ends.

Subd. 3. **Notice.** Upon the implementation, renewal, limitation, or termination of an abnormal market disruption declaration made under subdivision 2: (1) the governor must immediately post notice on applicable government websites and provide notice to the media; and (2) the commissioner of commerce must provide notice directly to sellers by any practical means.

Subd. 4. **Prohibition.** If the governor declares an abnormal market disruption, a person is prohibited from selling or offering to sell an essential consumer good or service for an amount that represents an unconscionably excessive price during the period in which the abnormal market disruption declaration is effective.

Subd. 5. **Prices and rates.** Upon the occurrence of a weather event classified as a severe thunderstorm pursuant to the criteria established by the National Oceanic and Atmospheric Administration, a residential building contractor operating within the geographic region impacted by the weather event and repairing damage caused by the weather event shall not:

(1) charge an unconscionably excessive price for labor in comparison to the market price charged for comparable services in the geographic region impacted by the weather event; or

(2) charge an insurance company a rate that exceeds what the residential building contractor otherwise charges members of the general public.

Subd. 6. **Civil penalty.** A person who is found to have violated this section is subject to a civil penalty of not more than \$1,000 per sale or transaction, with a maximum penalty of \$25,000 per day. No other penalties may be imposed for the same conduct regulated under this section.

Subd. 7. **Enforcement authority.** (a) The attorney general may investigate and bring an action against a seller or residential building contractor for an alleged violation of this section.

(b) Nothing in this section creates a private cause of action in favor of a person injured by a violation of this section.

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

Sec. 13. Minnesota Statutes 2022, section 325F.662, subdivision 2, is amended to read:

Subd. 2. **Written warranty required.** (a) Every used motor vehicle sold by a dealer is covered by an express warranty which the dealer shall provide to the consumer in writing. At a minimum, the express warranty applies for the following terms:

(1) if the used motor vehicle has less than 36,000 miles, the warranty must remain in effect for at least 60 days or 2,500 miles, whichever comes first;

(2) if the used motor vehicle has 36,000 miles or more, but less than 75,000 miles, the warranty must remain in effect for at least 30 days or 1,000 miles, whichever comes first; and

(3) unless the vehicle is sold by a new motor vehicle dealer, as defined in section 168.27, subdivision 2, if the used motor vehicle has 75,000 miles or more, but less than 200,000 miles, the warranty must remain in effect for at least 15 days or 500 miles, whichever comes first.

(b) The express warranty must require the dealer, in the event of a malfunction, defect, or failure in a covered part, to repair or replace the covered part, or at the dealer's election, to accept return of the used motor vehicle from the consumer and provide a refund to the consumer.

(c) For used motor vehicles with less than 36,000 miles, the dealer's express warranty shall cover, at minimum, the following parts:

(1) with respect to the engine, all lubricated parts, intake manifolds, engine block, cylinder head, rotary engine housings, and ring gear;

(2) with respect to the transmission, the automatic transmission case, internal parts, and the torque converter; or, the manual transmission case, and the internal parts;

(3) with respect to the drive axle, the axle housings and internal parts, axle shafts, drive shafts and output shafts, and universal joints; but excluding the secondary drive axle on vehicles, other than passenger vans, mounted on a truck chassis;

(4) with respect to the brakes, the master cylinder, vacuum assist booster, wheel cylinders, hydraulic lines and fittings, and disc brakes calipers;

(5) with respect to the steering, the steering gear housing and all internal parts, power steering pump, valve body, piston, and rack;

(6) the water pump;

(7) the externally mounted mechanical fuel pump;

(8) the radiator;

(9) the alternator, generator, and starter.

(d) For used motor vehicles with 36,000 miles or more, but less than ~~75,000~~ 200,000 miles, the dealer's express warranty shall cover, at minimum, the following parts:

(1) with respect to the engine, all lubricated parts, intake manifolds, engine block, cylinder head, rotary engine housings, and ring gear;

(2) with respect to the transmission, the automatic transmission case, internal parts, and the torque converter; or, the manual transmission case, and internal parts;

(3) with respect to the drive axle, the axle housings and internal parts, axle shafts, drive shafts and output shafts, and universal joints; but excluding the secondary drive axle on vehicles, other than passenger vans, mounted on a truck chassis;

(4) with respect to the brakes, the master cylinder, vacuum assist booster, wheel cylinders, hydraulic lines and fittings, and disc brake calipers;

(5) with respect to the steering, the steering gear housing and all internal parts, power steering pump, valve body, and piston;

(6) the water pump;

(7) the externally mounted mechanical fuel pump.

(e)(1) A dealer's obligations under the express warranty remain in effect notwithstanding the fact that the warranty period has expired, if the consumer promptly notified the dealer of the malfunction, defect, or failure in the covered part within the specified warranty period and, within a reasonable time after notification, brings the vehicle or arranges with the dealer to have the vehicle brought to the dealer for inspection and repair.

(2) If a dealer does not have a repair facility, the dealer shall designate where the vehicle must be taken for inspection and repair.

(3) In the event the malfunction, defect, or failure in the covered part occurs at a location which makes it impossible or unreasonable to return the vehicle to the selling dealer, the consumer may have the repairs completed elsewhere with the consent of the selling dealer, which consent may not be unreasonably withheld.

(4) Notwithstanding the provisions of this paragraph, a consumer may have nonwarranty maintenance and nonwarranty repairs performed other than by the selling dealer and without the selling dealer's consent.

(f) Nothing in this section diminishes the obligations of a manufacturer under an express warranty issued by the manufacturer. The express warranties created by this section do not require a dealer to repair or replace a covered part if the repair or replacement is covered by a manufacturer's new car warranty, or the manufacturer otherwise agrees to repair or replace the part.

(g) The express warranties created by this section do not cover defects or repair problems which result from collision, abuse, negligence, or lack of adequate maintenance following sale to the consumer.

(h) The terms of the express warranty, including the duration of the warranty and the parts covered, must be fully, accurately, and conspicuously disclosed by the dealer on the front of the Buyers Guide.

Sec. 14. Minnesota Statutes 2022, section 325F.662, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Notwithstanding the provisions of subdivision 2, a dealer is not required to provide an express warranty for a used motor vehicle:

(1) except for a used motor vehicle described in subdivision 2, paragraph (a), clause (3), sold for a total cash sale price of less than \$3,000, including the trade-in value of any vehicle traded in by the consumer, but excluding tax, license fees, registration fees, and finance charges;

(2) with an engine designed to use diesel fuel;

(3) with a gross weight, as defined in section 168.002, subdivision 13, in excess of 9,000 pounds;

(4) that has been custom-built or modified for show or for racing;

(5) except for a used motor vehicle described in subdivision 2, paragraph (a), clause (3), that is eight years of age or older, as calculated from the first day in January of the designated model year of the vehicle;

(6) that has been produced by a manufacturer which has never manufactured more than 10,000 motor vehicles in any one year;

(7) that has ~~75,000~~ 200,000 miles or more at time of sale;

(8) that has not been manufactured in compliance with applicable federal emission standards in force at the time of manufacture as provided by the Clean Air Act, United States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant thereto, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant thereto; or

(9) that has been issued a certificate of title that bears a "salvage" brand or stamp under section 168A.151.

Sec. 15. Minnesota Statutes 2022, section 325F.6641, subdivision 2, is amended to read:

Subd. 2. **Disclosure requirements.** (a) If a motor vehicle dealer licensed under section 168.27 offers a vehicle for sale in the course of a sales presentation to any prospective buyer the dealer must provide a written disclosure; and ~~an oral disclosure,~~ except for sales performed online, an oral disclosure of:

(1) prior vehicle damage as required under subdivision 1;

(2) the existence or requirement of any title brand under section 168A.05, subdivision 3, 168A.151, 325F.6642, or 325F.665, subdivision 14, if the dealer has actual knowledge of the brand; and

(3) if a motor vehicle, which is part of a licensed motor vehicle dealer's inventory, has been submerged or flooded above the bottom dashboard while parked on the dealer's lot.

(b) If a person receives a flood disclosure as described in paragraph (a), clause (3), whether from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale, the person must provide the same disclosure to any prospective subsequent buyer.

(c) Written disclosure under this subdivision must be signed by the buyer and maintained in the motor vehicle dealer's sales file in the manner prescribed by the registrar of motor vehicles.

(d) The disclosure required in subdivision 1 must be made in substantially the following form: "To the best of my knowledge, this vehicle has ..... has not ..... sustained damage in excess of 80 percent actual cash value."

Sec. 16. Minnesota Statutes 2022, section 325F.69, subdivision 1, is amended to read:

Subdivision 1. **Fraud, misrepresentation, deceptive or unfair practices.** The act, use, or employment by any person of any fraud, unfair or unconscionable practice, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70.

Sec. 17. Minnesota Statutes 2022, section 325F.69, is amended by adding a subdivision to read:

Subd. 8. **Unfair or unconscionable acts or practices; standard of proof.** For purposes of this section, an unfair method of competition or an unfair or unconscionable act or practice is any method of competition, act, or practice that: (1) offends public policy as established by the statutes, rules, or common law of Minnesota; (2) is unethical, oppressive, or unscrupulous; or (3) is substantially injurious to consumers.

Sec. 18. **[325F.995] GENETIC INFORMATION PRIVACY ACT.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Biological sample" means any material part of a human, discharge from a material part of a human, or derivative from a material part of a human, including but not limited to tissue, blood, urine, or saliva, that is known to contain deoxyribonucleic acid (DNA).

(c) "Consumer" means an individual who is a Minnesota resident.

(d) "Deidentified data" means data that cannot reasonably be used to infer information about, or otherwise be linked to, an identifiable consumer and that is subject to:

(1) administrative and technical measures to ensure the data cannot be associated with a particular consumer;

(2) public commitment by the company to (i) maintain and use data in deidentified form, and (ii) not attempt to reidentify the data; and

(3) legally enforceable contractual obligations that prohibit any recipients of the data from attempting to reidentify the data.

(e) "Direct-to-consumer genetic testing company" or "company" means an entity that: (1) offers consumer genetic testing products or services directly to consumers; or (2) collects, uses, or analyzes genetic data that was (i) collected via a direct-to-consumer genetic testing product or service, and (ii) provided to the company by a consumer. Direct-to-consumer genetic testing company does not include an entity that collects, uses, or analyzes genetic data or biological samples only in the context of research, as defined in Code of Federal Regulations, title 45, section 164.501, that is conducted in a manner that complies with the federal policy for the protection of human research subjects under

Code of Federal Regulations, title 45, part 46; the Good Clinical Practice Guideline issued by the International Council for Harmonisation; or the United States Food and Drug Administration Policy for the Protection of Human Subjects under Code of Federal Regulations, title 21, parts 50 and 56.

(f) "Express consent" means a consumer's affirmative written response to a clear, meaningful, and prominent written notice regarding the collection, use, or disclosure of genetic data for a specific purpose. Written notices and responses may be presented and captured electronically.

(g) "Genetic data" means any data, regardless of the data's format, that concerns a consumer's genetic characteristics. Genetic data includes but is not limited to:

(1) raw sequence data that results from sequencing a consumer's complete extracted DNA or a portion of the extracted DNA;

(2) genotypic and phenotypic information that results from analyzing the raw sequence data; and

(3) self-reported health information that a consumer submits to a company regarding the consumer's health conditions and that is (i) used for scientific research or product development, and (ii) analyzed in connection with the consumer's raw sequence data.

Genetic data does not include deidentified data.

(h) "Genetic testing" means any laboratory test of a consumer's complete DNA, regions of a consumer's DNA, chromosomes, genes, or gene products to determine the presence of genetic characteristics.

(i) "Person" means an individual, partnership, corporation, association, business, business trust, sole proprietorship, other entity, or representative of an organization.

(j) "Service provider" means a person that is involved in the collection, transportation, analysis of, or any other service in connection with a consumer's biological sample, extracted genetic material, or genetic data on behalf of the direct-to-consumer genetic testing company, or on behalf of any other person that collects, uses, maintains, or discloses biological samples, extracted genetic material, or genetic data collected or derived from a direct-to-consumer genetic testing product or service, or is directly provided by a consumer, or the delivery of the results of the analysis of the biological sample, extracted genetic material, or genetic data.

Subd. 2. **Disclosure and consent requirements.** (a) To safeguard the privacy, confidentiality, security, and integrity of a consumer's genetic data, a direct-to-consumer genetic testing company must:

(1) provide easily accessible, clear, and complete information regarding the company's policies and procedures governing the collection, use, maintenance, and disclosure of genetic data by making available to a consumer all of the following written in plain language:

(i) a high-level privacy policy overview that includes basic, essential information about the company's collection, use, or disclosure of genetic data;

(ii) a prominent, publicly available privacy notice that includes at a minimum information about the company's data collection, consent, use, access, disclosure, maintenance, transfer, security, retention, and deletion practices of genetic data; and

(iii) information that clearly describes how to file a complaint alleging a violation of this section, pursuant to section 45.027;

(2) obtain a consumer's express consent to collect, use, and disclose the consumer's genetic data, including at a minimum:

(i) initial express consent that clearly (A) describes the uses of the genetic data collected through the genetic testing product service, and (B) specifies who has access to the test results and how the genetic data may be shared;

(ii) separate express consent, which must include the name of the person receiving the information, for each transfer or disclosure of the consumer's genetic data or biological sample to any person other than the company's vendors and service providers;

(iii) separate express consent for each use of genetic data or the biological sample that is beyond the primary purpose of the genetic testing product or service and inherent contextual uses;

(iv) separate express consent to retain any biological sample provided by the consumer following completion of the initial testing service requested by the consumer;

(v) informed consent in compliance with federal policy for the protection of human research subjects under Code of Federal Regulations, title 45, part 46, to transfer or disclose the consumer's genetic data to a third-party person for research purposes or research conducted under the control of the company for publication or generalizable knowledge purposes; and

(vi) express consent for marketing by (A) the direct-to-consumer genetic testing company to a consumer based on the consumer's genetic data, or (B) a third party to a consumer based on the consumer having ordered or purchased a genetic testing product or service. For purposes of this clause, "marketing" does not include customized content or offers provided on the websites or through the applications or services provided by the direct-to-consumer genetic testing company with the first-party relationship to the customer;

(3) not disclose genetic data to law enforcement or any other governmental agency without a consumer's express written consent, unless the disclosure is made pursuant to a valid search warrant or court order;

(4) develop, implement, and maintain a comprehensive security program and measures to protect a consumer's genetic data against unauthorized access, use, or disclosure; and

(5) provide a process for a consumer to:

(i) access the consumer's genetic data;

(ii) delete the consumer's account and genetic data; and

(iii) request and obtain the destruction of the consumer's biological sample.

(b) Notwithstanding any other provisions in this section, a direct-to-consumer genetic testing company is prohibited from disclosing a consumer's genetic data without the consumer's written consent to: (1) any entity offering health insurance, life insurance, disability insurance, or long-term care insurance; or (2) any employer of the consumer. Any consent under this paragraph must clearly identify the recipient of the consumer's genetic data proposed to be disclosed.

(c) A company that is subject to the requirements described in paragraph (a), clause (2), shall provide effective mechanisms, without any unnecessary steps, for a consumer to revoke any consent of the consumer or all of the consumer's consents after a consent is given, including at least one mechanism which utilizes the primary medium through which the company communicates to the consumer. If a consumer revokes consent provided pursuant to paragraph (a), clause (2), the company shall honor the consumer's consent revocation as soon as practicable, but not later than 30 days after the consumer revokes consent. The company shall destroy a consumer's biological sample within 30 days of receipt of revocation of consent to store the sample.

(d) A direct-to-consumer genetic testing company must provide a clear and complete notice to a consumer that the consumer's deidentified data may be shared with or disclosed to third parties for research purposes in accordance with Code of Federal Regulations, title 45, part 46.

**Subd. 3. Service provider agreements.** (a) A contract between the company and a service provider must prohibit the service provider from retaining, using, or disclosing any biological sample, extracted genetic material, genetic data, or information regarding the identity of the consumer, including whether that consumer has solicited or received genetic testing, as applicable, for any purpose other than for the specific purpose of performing the services specified in the service contract. The mandatory prohibition set forth in this subdivision requires a service contract to include, at minimum, the following provisions:

(1) a provision prohibiting the service provider from retaining, using, or disclosing the biological sample, extracted genetic material, genetic data, or any information regarding the identity of the consumer, including whether the consumer has solicited or received genetic testing, as applicable, for any purpose other than providing the services specified in the service contract; and

(2) a provision prohibiting the service provider from associating or combining the biological sample, extracted genetic material, genetic data, or any information regarding the identity of the consumer, including whether that consumer has solicited or received genetic testing, as applicable, with information the service provider has received from or on behalf of another person or persons, or has collected from the service provider's own interaction with consumers or as required by law.

(b) A service provider subject to this subdivision is subject to the same confidentiality obligations as a direct-to-consumer genetic testing company with respect to all biological samples, extracted genetic materials, and genetic material, or any information regarding the identity of any consumer in the service provider's possession.

**Subd. 4. Enforcement.** The commissioner of commerce may enforce this section under section 45.027.

**Subd. 5. Limitations.** This section does not apply to:

(1) protected health information that is collected by a covered entity or business associate, as those terms are defined in Code of Federal Regulations, title 45, parts 160 and 164;

(2) a public or private institution of higher education; or

(3) an entity owned or operated by a public or private institution of higher education.

Subd. 6. **Construction.** This section does not supersede the requirements and rights described in section 13.386 or the remedies available under chapter 13 for violations of section 13.386.

Sec. 19. Minnesota Statutes 2022, section 325G.051, subdivision 1, is amended to read:

Subdivision 1. **Limitation; prohibition.** (a) A seller or lessor of goods or services doing business in Minnesota may impose a surcharge on transactions in Minnesota with a purchaser customer who elects to use a credit or charge card in lieu of payment by cash, check, or similar means, provided:

(1) if the sale or lease of goods or services is processed in person, the seller or lessor informs the purchaser customer of the surcharge both orally at the time of sale and by a sign conspicuously posted on the seller's or lessor's premises;

(2) if the sale or lease of goods or services is processed through a website or mobile device, the seller or lessor informs the customer of the surcharge by conspicuously posting a surcharge notice during the sale, at the point of sale, on the customer order summary, or on the checkout page of the website;

(3) if the sale or lease of services is processed over the telephone, the seller or lessor informs the customer of the surcharge orally; and

~~(2)~~ (4) the surcharge does not exceed five percent of the purchase price.

(b) A seller or lessor of goods or services that establishes and is responsible for ~~its~~ the seller or lessor's own customer credit or charge card may not impose a surcharge on a purchaser customer who elects to use that credit or charge card in lieu of payment by cash, check, or similar means.

(c) For purposes of this section "surcharge" means a fee or charge imposed by a seller or lessor upon a buyer customer that increases the price of goods or services to the buyer customer because the buyer customer uses a credit or charge card to purchase or lease the goods or services. The term does not include a discount offered by a seller or lessor to a buyer customer who makes payment for goods or services by cash, check, or similar means not involving a credit or charge card if the discount is offered to all prospective buyers customers and its availability is clearly and conspicuously disclosed to all prospective buyers customers.

(d) This subdivision applies to an agent of a seller or lessor.

## ARTICLE 5

### MISCELLANEOUS COMMERCE POLICY

Section 1. Minnesota Statutes 2022, section 103G.291, subdivision 4, is amended to read:

Subd. 4. **Demand reduction measures.** (a) For the purposes of this section, "demand reduction measures" means measures that reduce water demand, water losses, peak water demands, and nonessential water uses. Demand reduction measures must include a conservation rate structure, or a uniform rate structure with a conservation program that achieves demand reduction. A "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. If a conservation rate is applied to multifamily dwellings or a manufactured home park, as defined in section 327C.015, subdivision 8, the rate structure must consider each residential unit as an individual user.

(b) To encourage conservation, a public water supplier serving more than 1,000 people must implement demand reduction measures by January 1, 2015.

**EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to a billing period that begins on or after that date.

Sec. 2. Minnesota Statutes 2022, section 237.066, is amended to read:

### **237.066 STATE GOVERNMENT PRICING PLANS.**

Subdivision 1. **Purpose.** A state government or Tribal government telecommunications pricing plan is authorized and found to be in the public interest as it will:

(1) provide and ensure availability of high-quality, technologically advanced telecommunications services at a reasonable cost to the state or Tribal government; and

(2) further the state telecommunications goals as set forth in section 237.011.

Subd. 2. **Program participation.** A state government or Tribal government telecommunications pricing plan may be available to serve individually or collectively: state agencies; Tribal governments; educational institutions, including public schools and Tribal schools complying with section 120A.05, subdivision 9, 11, 13, or 17, and nonpublic schools complying with sections 120A.22, 120A.24, and 120A.41; private colleges; public corporations; and political subdivisions of the state or a Tribal Nation. Plans shall be available to carry out the commissioner of administration's duties under sections 16E.17 and 16E.18 and shall also be available to those entities not using the commissioner for contracting for telecommunications services.

Subd. 3. **Rates.** Notwithstanding section 237.09, 237.14, 237.60, subdivision 3, or 237.74, a telephone company or a telecommunications carrier may, individually or in cooperation with other telephone companies or telecommunications carriers, develop and offer basic or advanced telecommunications services at discounted or reduced rates as a state government or Tribal government telecommunications pricing plan. Any telecommunications services provided under any state government or Tribal government telecommunications pricing plan shall be used exclusively by ~~those~~ the entities described in subdivision 2 subject to the plan solely for ~~their~~ the entities' own use and shall not be made available to any other entities by resale, sublease, or in any other way.

Subd. 4. **Applicability to other customers.** A telephone company or telecommunications carrier providing telecommunications services under a state government or Tribal government telecommunications pricing plan is not required to provide any other person or entity those services at the rates made available to the state or Tribal government.

Subd. 5. **Commission review.** (a) The terms and conditions of any state government or Tribal government telecommunications pricing plan must be submitted to the commission for its review and approval within 90 days before implementation to:

(1) ensure that the terms and conditions benefit the state or Tribal Nation and not any private entity;

(2) ensure that the rates for any telecommunications service in any state government or Tribal government telecommunications pricing plan are at or below any applicable tariffed rates; and

(3) ensure that the state telecommunications or Tribal government pricing plan meets the requirements of this section and is in the public interest.

(b) The commission shall reject any state government or Tribal government telecommunications pricing plan that does not meet these the criteria in paragraph (a).

Sec. 3. Minnesota Statutes 2022, section 239.791, subdivision 8, is amended to read:

Subd. 8. **Disclosure; reporting.** (a) A refinery or terminal, shall provide, at the time gasoline is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest to the person who receives the gasoline. For oxygenated gasoline, the bill of lading or shipping manifest must include the identity and the volume percentage or gallons of oxygenate included in the gasoline, and it must state: "This fuel contains an oxygenate. Do not blend this fuel with ethanol or with any other oxygenate." For nonoxygenated gasoline sold or transferred after September 30, 1997, the bill or manifest must state: "This fuel is not oxygenated. It must not be sold at retail in Minnesota." This subdivision does not apply to sales or transfers of gasoline between refineries, between terminals, or between a refinery and a terminal.

(b) A delivery ticket required under section 239.092 for biofuel blended with gasoline must state the volume percentage of biofuel blended into gasoline delivered through a meter into a storage tank used for dispensing by persons not exempt under subdivisions 10 to 14 and 16.

(c) On or before the 23rd day of each month, a person responsible for the product must report to the department, in the form prescribed by the commissioner, the gross number of gallons of intermediate blends sold at retail by the person during the preceding calendar month. The report must identify the number of gallons by blend type. For purposes of this subdivision, "intermediate blends" means blends of gasoline and biofuel in which the biofuel content, exclusive of denaturants and other permitted components, is greater than ten percent and no more than 50 percent by volume. This paragraph only applies to a person who is responsible for selling intermediate blends at retail at more than ten locations. A person responsible for the product at fewer than ten locations is not precluded from reporting the gross number of intermediate blends if a report is available.

(d) All reports provided pursuant to paragraph (c) are nonpublic data, as defined in section 13.02, subdivision 9.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision to read:

Subd. 3a. **Commodity rate.** "Commodity rate" means the per unit price for utility service that varies directly with the volume of a resident's consumption of utility service and that is established or approved by the Minnesota Public Utilities Commission or a municipal public utilities commission, an electric cooperative association, or a municipality and charged to a user of the service.

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

Sec. 5. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision to read:

Subd. 11a. **Public utility.** "Public utility" has the meaning given in section 216B.02, subdivision 4.

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

Sec. 6. Minnesota Statutes 2022, section 327C.015, subdivision 17, is amended to read:

Subd. 17. **Substantial modification.** "Substantial modification" means any change in a rule which: (a) significantly diminishes or eliminates any material obligation of the park owner; (b) significantly diminishes or eliminates any material right, privilege or freedom of action of a resident; or (c) involves a significant new expense for a resident. The installation of water and sewer meters and the subsequent metering of and billing for water and sewer service is not a substantial modification of the lease, provided the park owner complies with section 327C.04, subdivision 6.

**EFFECTIVE DATE.** This section is effective for meter installations initiated on or after August 1, 2023.

Sec. 7. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision to read:

Subd. 17a. **Utility provider.** "Utility provider" means a public utility, an electric cooperative association, or a municipal utility.

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

Sec. 8. Minnesota Statutes 2022, section 327C.04, subdivision 1, is amended to read:

Subdivision 1. **Billing permitted.** A park owner who either provides utility service directly to residents or who redistributes to residents utility service provided to the park owner by a utility provider may charge the residents for that service, only if the charges comply with this section.

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

Sec. 9. Minnesota Statutes 2022, section 327C.04, subdivision 2, is amended to read:

Subd. 2. **Metering required.** A park owner who charges residents for a utility service must charge each household the same amount, unless the park owner has installed measuring devices which accurately meter each household's use of the utility. Utility measuring devices installed by the park owner must be installed or repaired only by a licensed plumber, licensed electrician, or licensed manufactured home installer.

**EFFECTIVE DATE.** This section is effective August 1, 2023, and applies to meters installed or repaired on or after that date.

Sec. 10. Minnesota Statutes 2022, section 327C.04, is amended by adding a subdivision to read:

Subd. 5. **Utility charge for metered service.** (a) A park owner who redistributes utility service may not charge a resident a commodity rate that exceeds the commodity rate at which the park owner purchases utility service from a utility provider. Before billing residents for redistributed utility service, a park owner must deduct utility service used exclusively or primarily for the park owner's purposes.

(b) If a utility bill that a park owner receives from a utility provider separates from variable consumption charges a fixed service or meter charge or fee, taxes, surcharges, or other miscellaneous charges, the park owner must deduct the park owner's pro rata share of these separately itemized charges and apportion the remaining fixed portion of the bill equally among residents based on the total number of occupied units in the park.

(c) A park owner may not charge to or collect from residents any administrative, capital, or other expenses associated with the distribution of utility services, including but not limited to disconnection, reconnection, and late payment fees.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 11. Minnesota Statutes 2022, section 327C.04, is amended by adding a subdivision to read:

Subd. 6. **Rent increases following the installation of water meters.** A park owner may not increase lot rents for 13 months following the commencement of utility bills for a resident whose lease included water and sewer service. In each of the three months prior to commencement of utility billing, a park owner must provide the resident with a sample bill for water and sewer service.

**EFFECTIVE DATE.** This section is effective August 1, 2023, and applies to meter installations initiated on or after that date.

Sec. 12. Minnesota Statutes 2022, section 515B.3-102, is amended to read:

**515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

(a) Except as provided in subsections (b), (c), (d), ~~and~~ (e), and (f) and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation,

declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association, provided that attorney fees and costs must not be charged or collected from a unit owner who disputes a fine or assessment and, if after the homeowner requests a hearing and a hearing is held by the board or a committee of the board, the board does not adopt a resolution levying the fine or upholding the assessment against the unit owner or owner's unit;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) An association that levies a fine pursuant to subsection (a)(11), or an assessment pursuant to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated, written notice to a unit owner that:

(1) states the amount and reason for the fine or assessment;

(2) for fines levied under section 515B.3-102(a)(11), specifies: (i) the violation for which a fine is being levied and the date of the levy; and (ii) the specific section of the declaration, bylaws, rules, or regulations allegedly violated;

(3) for assessments levied under section 515B.3-115(g) or 515B.3-1151(g), identifies: (i) the damage caused; and (ii) the act or omission alleged to have caused the damage;

(4) states that all unpaid fines and assessments are liens which, if not satisfied, could lead to foreclosure of the lien against the owner's unit;

(5) describes the unit owner's right to be heard by the board or a committee appointed by the board;

(6) states that if the assessment, fine, late fees, and other allowable charges are not paid, the amount may increase as a result of the imposition of attorney fees and other collection costs; and

(7) informs the unit owner that homeownership assistance is available from the Minnesota Homeownership Center.

~~(d)~~ (d) Notwithstanding subsection (a), powers exercised under this section must comply with section 500.215.

~~(e)~~ (e) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the

declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection ~~(d)(1)~~ (e)(1) and the proxy expressly references this notice.

~~(e)~~ (f) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections ~~(d)(1)~~ (e)(1) and ~~(d)(2)~~ (e)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection ~~(d)~~ (e) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

**EFFECTIVE DATE.** This section is effective January 1, 2024, for fines and assessments levied on or after that date.

Sec. 13. Minnesota Statutes 2022, section 515B.3-115, is amended to read:

**515B.3-115 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED BEFORE AUGUST 1, 2010.**

(a) The obligation of a unit owner to pay common expense assessments shall be as follows:

(1) If a common expense assessment has not been levied, the declarant shall pay all operating expenses of the common interest community, and shall fund the replacement reserve component of the common expenses as required by subsection (b).

(2) If a common expense assessment has been levied, all unit owners, including the declarant, shall pay the assessments allocated to their units, subject to the following:

(i) If the declaration so provides, a declarant's liability, and the assessment lien, for the common expense assessments, exclusive of replacement reserves, on any unit owned by the declarant may be limited to 25 percent or more of any assessment, exclusive of replacement reserves, until the unit or any building located in the unit is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(ii) If the declaration provides for a reduced assessment pursuant to paragraph (2)(i), the declarant shall be obligated, within 60 days following the termination of the period of declarant control, to make up any operating deficit incurred by the association during the period of declarant control. The existence and amount, if any, of the operating deficit shall be determined using the accrual basis of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(b) The replacement reserve component of the common expenses shall be funded for each unit in accordance with the projected annual budget required by section 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit shall commence no later than the date that the unit or any building located within the unit boundaries is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon a budget approved at least annually by the association.

(d) Except as modified by subsections (a)(1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) subject to section 515B.3-102(a)(11), reasonable ~~attorneys~~ attorney fees and costs incurred by the association in connection with (i) the collection of assessments against a unit owner, and; (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations; against a unit owner, may be assessed against the unit owner's unit subject to section 515B.3-116(h); and

(5) fees, charges, late charges, fines and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) This section applies only to common interest communities created before August 1, 2010.

**EFFECTIVE DATE.** This section is effective August 1, 2023.

Sec. 14. Minnesota Statutes 2022, section 515B.3-1151, is amended to read:

**515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON OR AFTER AUGUST 1, 2010.**

(a) The association shall approve an annual budget of common expenses at or prior to the conveyance of the first unit in the common interest community to a purchaser and annually thereafter. The annual budget shall include all customary and necessary operating expenses and replacement reserves for the common interest community, consistent with this section and section 515B.3-114. For purposes of replacement reserves under subsection (b), until an annual budget has been approved, the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102. The obligation of a unit owner to pay common expenses shall be as follows:

(1) If a common expense assessment has not been levied by the association, the declarant shall pay all common expenses of the common interest community, including the payment of the replacement reserve component of the common expenses for all units in compliance with subsection (b).

(2) If a common expense assessment has been levied by the association, all unit owners, including the declarant, shall pay the assessments levied against their units, except as follows:

(i) The declaration may provide for an alternate common expense plan whereby the declarant's common expense liability, and the corresponding assessment lien against the units owned by the declarant, is limited to: (A) paying when due, in compliance with subsection (b), an amount equal to the full share of the replacement reserves allocated to units owned by the declarant, as set forth in the association's annual budget approved as provided in this subsection; and (B) paying when due all accrued expenses of the common interest community in excess of the aggregate assessments payable with respect to units owned by persons other than a declarant; provided, that the alternate common expense plan shall not affect a declarant's obligation to make up any operating deficit pursuant to item (iv), and shall terminate upon the termination of any period of declarant control unless terminated earlier pursuant to item (iii).

(ii) The alternate common expense plan may be authorized only by including in the declaration and the disclosure statement required by section 515B.4-102 provisions authorizing and disclosing the alternate common expense plan as described in item (i), and including in the disclosure statement either (A) a statement that the alternate common expense plan will have no effect on the level of services or amenities anticipated by the association's budget contained in the disclosure statement, or (B) a statement describing how the services or amenities may be affected.

(iii) A declarant shall give notice to the association of its intent to utilize the alternate common expense plan and a commencement date after the date the notice is given. The alternate common expense plan shall be valid only for periods after the notice is given. A declarant may terminate its right to utilize the alternate common expense plan prior to the termination of the period of declarant control only by giving notice to the association and the unit owners at least 30 days prior to a selected termination date set forth in the notice.

(iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause to be prepared and delivered to the association, at the declarant's expense, within 90 days after the termination of the period of declarant control, an audited balance sheet and profit and loss statement certified to the association and prepared by an accountant having the qualifications set forth in section 515B.3-121(b). The audit shall be binding on the declarant and the association.

(v) If the audited profit and loss statement shows an accumulated operating deficit, the declarant shall be obligated to make up the deficit within 15 days after delivery of the audit to the association, and the association shall have a claim against the declarant for an amount equal to the deficit until paid. A declarant who does not utilize an alternate common expense plan is not liable to make up any operating deficit. If more than one declarant utilizes an alternate common expense plan, all declarants who utilize the plan are jointly and severally liable to the association for any operating deficit.

(vi) The existence and amount, if any, of the operating deficit shall be determined using the accrual method of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(vii) Unless approved by a vote of the unit owners other than the declarant and its affiliates, the operating deficit shall not be made up, prior to the election by the unit owners of a board of directors pursuant to section 515B.3-103(d), through the use of a special assessment described in subsection (c) or by assessments described in subsections (e), (f), and (g).

(viii) The use by a declarant of an alternate common expense plan shall not affect the obligations of the declarant or the association as provided in the declaration, the bylaws, or this chapter, or as represented in the disclosure statement required by section 515B.4-102, except as to matters authorized by this chapter.

(b) The replacement reserves required by section 515B.3-114 shall be paid to the association by each unit owner for each unit owned by that unit owner in accordance with the association's annual budget approved pursuant to subsection (a), regardless of whether an annual assessment has been levied or whether the declarant has utilized an alternate common expense plan under subsection (a)(2). Replacement reserves shall be paid with respect to a unit commencing as of the later of (1) the date of creation of the common interest community or (2) the date that the structure and exterior

of the building containing the unit, or the structure and exterior of any building located within the unit boundaries, but excluding the interior finishing of the structure itself, are substantially completed. If the association has not approved an annual budget as of the commencement date for the payment of replacement reserves, then the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon an annual budget approved by the association. In addition to and not in lieu of annual assessments, an association may, if so provided in the declaration, levy special assessments against all units in the common interest community based upon the same formula required by the declaration for levying annual assessments. Special assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain components of the common interest community described in section 515B.3-114(a), if such alternative method of funding is approved under section 515B.3-114(a)(5). The association may also levy assessments against fewer than all units as provided in subsections (e), (f), and (g). An assessment under subsection (e)(2) for replacement reserves is subject to the requirements of section 515B.3-114(a)(5).

(d) Except as modified by subsections (a), clauses (1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) subject to section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by the association in connection with (i) the collection of assessments, and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations, against a unit owner, may be assessed against the unit owner's unit, subject to section 515B.3-116(h); and

(5) fees, charges, late charges, fines, and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) This section applies only to common interest communities created on or after August 1, 2010.

**EFFECTIVE DATE.** This section is effective August 1, 2023.

Sec. 15. Minnesota Statutes 2022, section 515B.3-116, is amended to read:

**515B.3-116 LIEN FOR ASSESSMENTS.**

(a) The association has a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Unless the declaration otherwise provides, fees, charges, late charges, fines and interest charges pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are enforceable as assessments, under this section. Recording of the declaration constitutes record notice and perfection of any assessment lien under this section, and no further recording of any notice of or claim for the lien is required.

(b) Subject to subsection (c), a lien under this section is prior to all other liens and encumbrances on a unit except (i) liens and encumbrances recorded before the declaration and, in a cooperative, liens and encumbrances which the association creates, assumes, or takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or, in a cooperative, any first security interest encumbering only the unit owner's interest in the unit, (iii) liens for real estate taxes and other governmental assessments or charges against the unit, and (iv) a master association lien under section 515B.2-121(h). This subsection shall not affect the priority of mechanic's liens.

(c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage or any person who acquires title to the unit by redemption as a junior creditor shall take title to the unit subject to a lien in favor of the association for unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the end of the owner's period of redemption. The common expenses shall be based upon the association's then current annual budget, notwithstanding the use of an alternate common expense plan under section 515B.3-115(a)(2). If a first security interest encumbering a unit owner's interest in a cooperative unit which is personal property is

foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the first day following either the disposition date pursuant to section 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to section 336.9-622.

(d) Proceedings to enforce an assessment lien shall be instituted within three years after the last installment of the assessment becomes payable, or shall be barred.

(e) The unit owner of a unit at the time an assessment is due shall be personally liable to the association for payment of the assessment levied against the unit. If there are multiple owners of the unit, they shall be jointly and severally liable.

(f) This section does not prohibit actions to recover sums for which subsection (a) creates a lien nor prohibit an association from taking a deed in lieu of foreclosure.

(g) The association shall furnish to a unit owner or the owner's authorized agent upon written request of the unit owner or the authorized agent a statement setting forth the amount of unpaid assessments currently levied against the owner's unit. If the unit owner's interest is real estate, the statement shall be in recordable form. The statement shall be furnished within ten business days after receipt of the request and is binding on the association and every unit owner.

(h) The association's lien may be foreclosed as provided in this subsection.

(1) In a condominium or planned community, the association's lien may be foreclosed in a like manner as a mortgage containing a power of sale pursuant to chapter 580, or by action pursuant to chapter 581. The association shall have a power of sale to foreclose the lien pursuant to chapter 580, except that any portion of the assessment that represents attorney fees or costs shall not be included in the amount a unit owner must pay to reinstate under section 580.30 or chapter 581.

(2) In a cooperative whose unit owners' interests are real estate, the association's lien shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph (1).

(3) In a cooperative whose unit owners' interests in the units are personal property, the association's lien shall be foreclosed in a like manner as a security interest under article 9 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its reasonable costs and attorney fees not exceeding the amount provided by section 582.01, subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to disposition or retention, notwithstanding the value of the unit, and (iv) the notice of sale, disposition, or retention shall contain the following statement in capital letters with the name of the association or secured party filled in:

"THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association or secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS BEFORE THEN:

(a) THE PERSON AUTHORIZED BY (fill in the name of association or secured party) AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

(3) \$500 TO APPLY TO ~~ATTORNEYS~~ ATTORNEY FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) ANY ADDITIONAL AMOUNTS FOR YOUR UNIT BECOMING DUE TO (fill in name of association or secured party) AFTER THE DATE OF THIS NOTICE; OR

(b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS IN YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE YOUR RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

(4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall be the same as those provided by law, except (i) the period of redemption for unit owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to costs and disbursements of foreclosure and ~~attorneys~~ attorney fees authorized by the declaration or bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and disbursements of foreclosure and ~~attorneys~~ attorney fees as the court shall determine, and (iv) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to foreclosure, notwithstanding the value of the unit.

(i) If a holder of a sheriff's certificate of sale, prior to the expiration of the period of redemption, pays any past due or current assessments, or any other charges lienable as assessments, with respect to the unit described in the sheriff's certificate, then the amount paid shall be a part of the sum required to be paid to redeem under section 582.03.

(j) In a cooperative, if the unit owner fails to redeem before the expiration of the redemption period in a foreclosure of the association's assessment lien, the association may bring an action for eviction against the unit owner and any persons in possession of the unit, and in that case section 504B.291 shall not apply.

(k) An association may assign its lien rights in the same manner as any other secured party.

**EFFECTIVE DATE.** This section is effective August 1, 2023, and applies to foreclosures initiated on or after that date.

Sec. 16. Laws 2023, chapter 24, section 3, is amended to read:

Sec. 3. **APPROPRIATION TRANSFER.**

(a) \$115,000,000 in fiscal year 2023 is ~~appropriated~~ transferred from the general fund to the ~~commissioner of commerce for the purposes of state competitiveness fund account under Minnesota Statutes, section 216C.391.~~ This is a onetime ~~appropriation transfer.~~ Of this amount:

(1) \$100,000,000 is for grant awards made under Minnesota Statutes, section 216C.391, subdivision 3, of which at least \$75,000,000 is for grant awards of less than \$1,000,000;

(2) \$6,000,000 is for grant awards made under Minnesota Statutes, section 216C.391, subdivision 4;

(3) \$750,000 is for the reports and audits under Minnesota Statutes, section 216C.391, subdivision 7;

(4) \$1,500,000 is for information system development improvements necessary to carry out Minnesota Statutes, section 216C.391, and to improve digital access and reporting;

(5) \$6,750,000 is for technical assistance to applicants and administration of Minnesota Statutes, section 216C.391, by the Department of Commerce; and

(6) the commissioner may transfer money from clause (2) to clause (1) if less than 75 percent of the money in clause (2) has been awarded by June 30, 2028.

(b) To the extent that federal funds for energy projects under the Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169, become permanently unavailable to be matched with funds appropriated under this section, the commissioner of management and budget must certify the proportional amount of unencumbered funds remaining in the account established under Minnesota Statutes, section 216C.391, and those unencumbered funds cancel to the general fund.

**EFFECTIVE DATE.** This section is effective retroactively from April 19, 2023.

Sec. 17. **REPEALER.**

Minnesota Statutes 2022, section 327C.04, subdivision 4, is repealed.

**EFFECTIVE DATE.** This section is effective July 1, 2023."

Delete the title and insert:

"A bill for an act relating to commerce; establishing a biennial budget for Department of Commerce and related activities; adding and modifying various provisions governing health, property, life, homeowner's, and automobile insurance; regulating financial institutions; modifying provisions governing financial institutions; providing for certain consumer protections and privacy; modifying

provisions governing commerce; making technical changes; establishing civil and criminal penalties; authorizing administrative rulemaking; requiring reports; appropriating and transferring money; amending Minnesota Statutes 2022, sections 46.131, subdivision 11; 47.0153, subdivision 1; 47.59, subdivision 2; 47.60, subdivisions 1, 2, by adding a subdivision; 47.601, subdivisions 1, 2, 6, by adding a subdivision; 53.04, subdivision 3a; 53C.01, subdivision 12c, by adding a subdivision; 53C.08, subdivision 1a; 56.131, subdivision 1; 60A.08, subdivision 15; 60A.14, subdivision 1; 61A.031; 61A.60, subdivision 3; 62A.152, subdivision 3; 62A.3099, by adding a subdivision; 62A.31, subdivisions 1, 1f, 1h, 1p, 1u, 4, by adding a subdivision; 62A.44, subdivision 2; 62D.02, by adding a subdivision; 62D.095, subdivisions 2, 3, 5; 62J.26, subdivisions 1, 2; 62K.10, subdivision 4; 62Q.096; 62Q.19, subdivision 1; 62Q.46, subdivisions 1, 3; 62Q.47; 62Q.735, subdivisions 1, 5; 62Q.76, by adding a subdivision; 62Q.78, by adding subdivisions; 62Q.81, subdivision 4, by adding a subdivision; 65B.49, by adding a subdivision; 80A.50; 80E.041, subdivision 4; 103G.291, subdivision 4; 151.071, subdivisions 1, 2; 237.066; 239.791, subdivision 8; 256B.0631, subdivision 1; 256B.69, subdivision 5a; 256L.03, subdivision 5; 325D.01, subdivision 5; 325D.44, subdivisions 1, 2; 325D.71; 325E.31; 325F.662, subdivisions 2, 3; 325F.6641, subdivision 2; 325F.69, subdivision 1, by adding a subdivision; 325G.051, subdivision 1; 327C.015, subdivision 17, by adding subdivisions; 327C.04, subdivisions 1, 2, by adding subdivisions; 515B.3-102; 515B.3-115; 515B.3-1151; 515B.3-116; Laws 2022, chapter 93, article 1, section 2, subdivision 5; Laws 2023, chapter 24, section 3; proposing coding for new law in Minnesota Statutes, chapters 47; 48; 52; 53B; 58; 58B; 60A; 62J; 62Q; 62W; 65A; 325E; 325F; 332; repealing Minnesota Statutes 2022, sections 48.10; 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06; 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16; 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; 53B.27, subdivisions 1, 2, 5, 6, 7; 62A.31, subdivisions 1b, 1i; 327C.04, subdivision 4; Minnesota Rules, parts 2675.2610, subparts 1, 3, 4; 2675.2620, subparts 1, 2, 3, 4, 5; 2675.2630, subpart 3."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Matt Klein, Judy Seeberger

House Conferees: Zack Stephenson, Carlie Kotyza-Witthuhn

Senator Klein moved the foregoing recommendations and Conference Committee report on S.F. No. 2744 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwudzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Dziedzic, Mann, Maye Quade, McEwen, Pha, and Port.

Those who voted in the negative were:

Abeler	Drazkowski	Jasinski	Lucero	Utke
Anderson	Duckworth	Johnson	Mathews	Weber
Bahr	Farnsworth	Koran	Miller	Wesenberg
Coleman	Green	Kreun	Nelson	Westrom
Dahms	Gruenhagen	Lang	Pratt	
Dornink	Housley	Lieske	Rarick	
Draheim	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Jasinski, and Lieske.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 2744 was read the third time, as amended by the Conference Committee, and placed on its repassage.

Senator Dziedzic moved that S.F. No. 2744 be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 46 and nays 14, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Klein	Mitchell	Weber
Boldon	Fatch	Kreun	Mohamed	Wesenberg
Carlson	Frentz	Kunesh	Morrison	Westlin
Champion	Gustafson	Kupec	Murphy	Westrom
Coleman	Hauschild	Latz	Oumou Verbeten	Wiklund
Cwodzinski	Hawj	Limmer	Pappas	Xiong
Dahms	Hoffman	Mathews	Port	
Dibble	Housley	Maye Quade	Putnam	
Dornink	Jasinski	McEwen	Rasmusson	
Dziedzic	Johnson	Miller	Seeberger	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Frentz, McEwen, and Port.

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senators: Jasinski and Mathews.

Those who voted in the negative were:

Anderson	Drazkowski	Howe	Lieske	Rarick
Bahr	Green	Koran	Lucero	Utke
Draheim	Gruenhagen	Lang	Pratt	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, and Lieske.

The motion prevailed.

## RECESS

Senator Dziedzic moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Klein moved that S.F. No. 2744 be taken from the table. The motion prevailed.

The question was taken on the repassage of S.F. No. 2744, as amended by the Conference Committee.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Kunesh	Mitchell	Port
Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Mann, McEwen, Oumou Verbeten, Pha, Port, Rest, and Wiklund.

Those who voted in the negative were:

Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	
Drazkowski	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Lieske, Limmer, Mathews, Nelson, Pratt, and Weber.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2292, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2292 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 15, 2023

### CONFERENCE COMMITTEE REPORT ON H. F. No. 2292

A bill for an act relating to early childhood; modifying provisions for early learning scholarships, Head Start, and early education programs; providing for early childhood educator programs; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 119A.52; 121A.17, subdivision 3; 121A.19; 124D.13, by adding a subdivision; 124D.141, subdivision 2; 124D.162; 124D.165, subdivisions 2, 3, 4, 6; 125A.13; 179A.03, subdivision 18; proposing coding for new law in Minnesota Statutes, chapter 122A.

May 15, 2023

The Honorable Melissa Hortman  
Speaker of the House of Representatives

The Honorable Bobby Joe Champion  
President of the Senate

We, the undersigned conferees for H. F. No. 2292 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2292 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2022, section 119A.52, is amended to read:

#### **119A.52 DISTRIBUTION OF APPROPRIATION.**

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. ~~Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds.~~ which may include costs associated with program operations, infrastructure, or reconfiguration to serve children from birth to age five in center-based services. The distribution must occur in the following order: (1) 10.72 percent of the total Head Start appropriation must be initially allocated to federally designated Tribal Head Start programs; (2) the Tribal Head Start portion of the appropriation must be initially allocated to Tribal Head Start programs based on the programs' share of federal funds; and (3) migrant programs must be initially allocated funding based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. For all agencies without a federal Early Head Start rate, the

state average federal cost per child for Early Head Start applies. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation and how the money must be used. Each program must present a plan under section 119A.535. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

(c) Programs with approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing, are exempt from the procedures in paragraph (b). This exemption does not apply to entire programs. The exemption applies only to approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters, transitional housing, and permanent supportive housing.

## Sec. 2. **[119C.01] GREAT START SCHOLARSHIPS PROGRAM.**

Subdivision 1. **Establishment; purpose.** The commissioner of children, youth, and families, in collaboration with the commissioner of education and the commissioner of human services, shall develop and, to the extent funds are available and notwithstanding federal and state laws to the contrary, implement a plan for the great start scholarships program to ensure affordable access to high-quality early care and learning for children from birth to kindergarten entry.

Subd. 2. **Development.** In developing the plan and implementing the program under this section, the commissioner shall:

(1) identify ways to integrate the functions, administrative structures, and funding mechanisms of early care and learning programs administered by the state with the great start scholarships program;

(2) consider the recommendations made by the Great Start for All Minnesota Children Task Force under Laws 2021, First Special Session chapter 7, article 14, section 18, subdivision 2;

(3) create a process and timeline to transition the following families to the great start scholarships program by July 1, 2028:

(i) families with at least one child receiving an early learning scholarship under section 124D.165; and

(ii) families with at least one child who is not yet in kindergarten and is receiving child care assistance under section 119B.03 or 119B.05 for care received from a provider licensed under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed, or a Head Start program that has a rating under section 124D.142;

(4) create mechanisms for members of local communities, including families and members of the early care and learning workforce, to have input in decisions regarding needs and preferences for early care and learning options;

(5) develop a proposed method for funding early care and learning slots in response to local need through contracts with eligible providers that may be used to deliver services that meet quality and compensation standards with the intent to build early care and learning capacity statewide for children from birth to kindergarten entry; and

(6) consider how to maximize available federal resources while maintaining access to child care assistance funding under sections 119B.03 and 119B.05 for school-age children. The commissioner, in consultation with an appropriate state agency, may seek federal technical assistance or outside consultation as necessary to provide minimally burdensome program access to all participating families.

Subd. 3. **Program requirements.** The great start scholarships program must include at a minimum:

(1) a method to provide financial assistance to families voluntarily participating in the program;

(2) family eligibility for any qualifying family that has at least one child who is not yet in kindergarten;

(3) provider eligibility for:

(i) any program licensed under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed, that participates in the quality rating and improvement system under section 124D.142; and

(ii) any school-based program and Head Start program that has a rating under section 124D.142;

(4) a unified, integrated, and simple online application process that utilizes administrative data to ease qualification and benefit determination and meet federal reporting requirements;

(5) an electronic attendance tracking system that is integrated, to the extent practicable, and payments system to safeguard program integrity and streamline billing and payment processes for providers; and

(6) a schedule for family contributions and provider payments that ensures that no participating family pays more than seven percent of annual income for early care and learning services for children from birth to kindergarten entry. Family contributions and provider payments may vary by family income, program quality, geography, and need for compensatory services, and may take into consideration the results of the market rate survey under section 119B.02, subdivision 7; information from cost estimation models for providing early care and learning in the state; and cost information gathered through contracts under subdivision 2, clause (5).

Subd. 4. **Administration; reporting requirement.** (a) By July 1, 2028, to the extent funding is appropriated and notwithstanding federal and state laws to the contrary, the commissioner shall have in place the administrative structures and systems needed for the great start scholarships program to meet the operational needs of participating families and eligible providers.

(b) By July 1, 2026, the commissioner, in consultation with the commissioners of education and human services, must submit a report to the legislative committees with jurisdiction over early care and learning on the status of planning for the program under this section. The report must:

(1) include information on progress made and work underway to develop the program;

(2) provide details about the administrative structures, systems, and funding needed to meet the needs of families and providers who may participate in the program; and

(3) identify any statutory or regulatory changes necessary for implementation of the program.

Sec. 3. Minnesota Statutes 2022, section 121A.17, subdivision 3, is amended to read:

**Subd. 3. Screening program.** (a) A screening program must include at least the following components: developmental assessments, including virtual developmental screening for families who make the request based on their immunocompromised health status or other health conditions, hearing and vision screening or referral, immunization review and referral, the child's height and weight, the date of the child's most recent comprehensive vision examination, if any, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The district and the person performing or supervising the screening must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice must state "Early childhood developmental screening helps a school district identify children who may benefit from district and community resources available to help in their development. Early childhood developmental screening includes a vision screening that helps detect potential eye problems but is not a substitute for a comprehensive eye exam." The notice must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the district and the person performing or supervising the screening must convey the information in another manner. The notice must also inform the parent or guardian that a child need not submit to the district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled

screening. For the purposes of this section, "comprehensive vision examination" means a vision examination performed by an optometrist or ophthalmologist.

(c) If a child is without health coverage, the school district must refer the child to an appropriate health care provider.

(d) A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 4. Minnesota Statutes 2022, section 121A.19, is amended to read:

**121A.19 DEVELOPMENTAL SCREENING AID.**

Each school year, the state must pay a district for each child or student screened by the district according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) ~~\$75~~ \$98 for a child screened at age three; (2) ~~\$50~~ \$65 for a child screened at age four; (3) ~~\$40~~ \$52 for a child screened at age five or six prior to kindergarten; and (4) ~~\$30~~ \$39 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

**Sec. 5. [122A.261] PREKINDERGARTEN, SCHOOL READINESS, PRESCHOOL, AND EARLY EDUCATION PROGRAMS; LICENSURE REQUIREMENT.**

Subdivision 1. **Licensure requirement.** (a) A school district or charter school must employ a qualified teacher, as defined in section 122A.16, to provide instruction in a preschool, school readiness, school readiness plus, or prekindergarten program or other school district or charter school-based early education program.

(b) This subdivision does not apply to individuals providing instruction in a child care center licensed under Minnesota Rules, chapter 9503, or in a certified license-exempt child care center under chapter 245H.

Subd. 2. **Exemptions.** Any teacher who has taught in a preschool, school readiness, school readiness plus, or prekindergarten program, or other early learning program for at least five years prior to September 1, 2028, may continue to teach without obtaining a license. Notwithstanding this exemption from the licensure requirement, these individuals are teachers under section 179A.03, subdivision 18.

EFFECTIVE DATE. This section is effective July 1, 2028.

Sec. 6. [122A.731] GRANTS FOR GROW YOUR OWN EARLY CHILDHOOD AND FAMILY EDUCATOR PROGRAMS.

Subdivision 1. Establishment. The commissioner of education must award grants for Grow Your Own Early Childhood Educator programs established under this section in order to develop an early childhood education workforce that more closely reflects the state's increasingly diverse student population and ensures all students have equitable access to high-quality early educators.

Subd. 2. Grow Your Own Early Childhood and Family Educator programs. (a) Minnesota-licensed family child care or licensed center-based child care programs, school district or charter school early learning programs, Head Start programs, institutions of higher education, and other community partnership nongovernmental organizations may apply for a grant to host, build, or expand an early childhood educator preparation program that leads to an individual earning the credential or degree needed to enter or advance in the early childhood education workforce. Examples include programs that help interested individuals earn the child development associate (CDA) credential, an associate's degree in child development, or a bachelor's degree in early childhood and family education studies or early childhood licensures. The grant recipient must use at least 80 percent of grant money for student stipends, tuition scholarships, or unique student teaching or field placement experiences.

(b) Programs providing financial support to interested individuals may require a commitment from the individuals awarded, as determined by the commissioner, to teach in the program or school for a reasonable amount of time that does not exceed one year.

Subd. 3. Grant procedure. (a) Eligible programs must apply for a grant under this section in the form and manner specified by the commissioner. To the extent that there are sufficient applications, the commissioner must, to the extent practicable, award an equal number of grants between applicants in greater Minnesota and those in the metropolitan area.

(b) For the 2023-2024 school year and later, grant applications for new and existing programs must be received by the commissioner no later than January 15 of the year prior to the school year in which the grant will be used. The commissioner must review all applications and notify grant recipients by March 15 or as soon as practicable of the anticipated amount awarded. If the commissioner determines that sufficient funding is unavailable for the grants, the commissioner must notify grant applicants by June 30 or as soon as practicable that there is insufficient money.

Subd. 4. Grow Your Own Early Childhood Education program account. (a) The Grow Your Own Early Childhood Education program account is established in the special revenue fund.

(b) Money appropriated for the Grow Your Own Early Childhood Education program under this section must be transferred to the Grow Your Own Early Childhood Education program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for the Grow Your Own Early Childhood Education program under this section. Any returned money is available to be regranted. Grant recipients may apply to use grant money over a period of up to 60 months.

(d) Up to \$175,000 annually is appropriated to the commissioner for costs associated with administering and monitoring the program under this section.

Subd. 5. **Report.** Grant recipients must annually report to the commissioner in the form and manner determined by the commissioner on their activities under this section, including the number of educators supported through grant money and the number of educators obtaining credentials by type. Data must indicate the beginning level of education and ending level of education of individual participants and an assessment of program effectiveness, including participant feedback, areas for improvement, and employment changes and current employment status, where applicable, after completing preparation programs. The commissioner must publish a report for the public that summarizes the activities and outcomes of grant recipients and what was done to promote sharing of effective practices among grant recipients and potential grant applicants.

Sec. 7. Minnesota Statutes 2022, section 124D.13, is amended by adding a subdivision to read:

Subd. 12a. **Support staff.** (a) The department must employ two full-time equivalent staff to serve as resources for programs described in this section. The staff persons must provide operational support and guidance to programs, including but not limited to providing professional development and education support, assisting with marketing and outreach, and facilitating collaborations with public and private organizations serving families.

(b) Each staff person described in this subdivision must hold a valid license as a teacher of parent and family education.

Sec. 8. Minnesota Statutes 2022, section 124D.141, subdivision 2, is amended to read:

Subd. 2. **Additional duties.** The following duties are added to those assigned to the council under federal law:

(1) make recommendations on the most efficient and effective way to leverage state and federal funding streams for early childhood and child care programs;

~~(2) make recommendations on how to coordinate or collocate early childhood and child care programs in one state Office of Early Learning. The council shall establish a task force to develop these recommendations. The task force shall include two nonexecutive branch or nonlegislative branch representatives from the council; six representatives from the early childhood caucus; two representatives each from the Departments of Education, Human Services, and Health; one representative each from a local public health agency, a local county human services agency, and a school district; and two representatives from the private nonprofit organizations that support early childhood programs in Minnesota. In developing recommendations in coordination with existing efforts of the council, the task force shall consider how to:~~

~~(i) consolidate and coordinate resources and public funding streams for early childhood education and child care, and ensure the accountability and coordinated development of all early childhood education and child care services to children from birth to kindergarten entrance;~~

~~(ii) create a seamless transition from early childhood programs to kindergarten;~~

~~(iii) encourage family choice by ensuring a mixed system of high-quality public and private programs, with local points of entry, staffed by well-qualified professionals;~~

~~(iv) ensure parents a decisive role in the planning, operation, and evaluation of programs that aid families in the care of children;~~

~~(v) provide consumer education and accessibility to early childhood education and child care resources;~~

~~(vi) advance the quality of early childhood education and child care programs in order to support the healthy development of children and preparation for their success in school;~~

~~(vii) develop a seamless service delivery system with local points of entry for early childhood education and child care programs administered by local, state, and federal agencies;~~

~~(viii) ensure effective collaboration between state and local child welfare programs and early childhood mental health programs and the Office of Early Learning;~~

~~(ix) develop and manage an effective data collection system to support the necessary functions of a coordinated system of early childhood education and child care in order to enable accurate evaluation of its impact;~~

~~(x) respect and be sensitive to family values and cultural heritage; and~~

~~(xi) establish the administrative framework for and promote the development of early childhood education and child care services in order to provide that these services, staffed by well-qualified professionals, are available in every community for all families that express a need for them.~~

~~In addition, the task force must consider the following responsibilities for transfer to the Office of Early Learning:~~

~~(A) responsibilities of the commissioner of education for early childhood education programs and financing under sections 119A.50 to 119A.535, 121A.16 to 121A.19, and 124D.129 to 124D.221;~~

~~(B) responsibilities of the commissioner of human services for child care assistance, child care development, and early childhood learning and child protection facilities programs and financing under chapter 119B and section 256E.37; and~~

~~(C) responsibilities of the commissioner of health for family home visiting programs and financing under section 145A.17.~~

~~Any costs incurred by the council in making these recommendations must be paid from private funds. If no private funds are received, the council must not proceed in making these recommendations. The council must report its recommendations to the governor and the legislature by January 15, 2011;~~

~~(3) (2) review program evaluations regarding high-quality early childhood programs;~~

~~(4)~~ (3) make recommendations to the governor and legislature, including proposed legislation on how to most effectively create a high-quality early childhood system in Minnesota in order to improve the educational outcomes of children so that all children are school-ready by 2020 have the opportunities and experiences to support a successful transition to kindergarten; and

(5) make recommendations to the governor and the legislature by March 1, 2011, on the creation and implementation of a statewide school readiness report card to monitor progress toward the goal of having all children ready for kindergarten by the year 2020. The recommendations shall include what should be measured including both children and system indicators, what benchmarks should be established to measure state progress toward the goal, and how frequently the report card should be published. In making their recommendations, the council shall consider the indicators and strategies for Minnesota's early childhood system report, the Minnesota school readiness study, developmental assessment at kindergarten entrance, and the work of the council's accountability committee. Any costs incurred by the council in making these recommendations must be paid from private funds. If no private funds are received, the council must not proceed in making these recommendations; and

(6) make recommendations to the governor and the legislature on how to screen earlier and comprehensively assess children for school readiness in order to provide increased early interventions and increase the number of children ready for kindergarten. In formulating their recommendations, the council shall consider (i) ways to interface with parents of children who are not participating in early childhood education or care programs, (ii) ways to interface with family child care providers, child care centers, and school-based early childhood and Head Start programs, (iii) if there are age-appropriate and culturally sensitive screening and assessment tools for three-, four-, and five-year-olds, (iv) the role of the medical community in screening, (v) incentives for parents to have children screened at an earlier age, (vi) incentives for early education and care providers to comprehensively assess children in order to improve instructional practice, (vii) how to phase in increases in screening and assessment over time, (viii) how the screening and assessment data will be collected and used and who will have access to the data, (ix) how to monitor progress toward the goal of having 50 percent of three-year-old children screened and 50 percent of entering kindergarteners assessed for school readiness by 2015 and 100 percent of three-year-old children screened and entering kindergarteners assessed for school readiness by 2020, and (x) costs to meet these benchmarks. The council shall consider the screening instruments and comprehensive assessment tools used in Minnesota early childhood education and care programs and kindergarten. The council may survey early childhood education and care programs in the state to determine the screening and assessment tools being used or rely on previously collected survey data, if available. For purposes of this subdivision, "school readiness" is defined as the child's skills, knowledge, and behaviors at kindergarten entrance in these areas of child development: social; self-regulation; cognitive, including language, literacy, and mathematical thinking; and physical. For purposes of this subdivision, "screening" is defined as the activities used to identify a child who may need further evaluation to determine delay in development or disability. For purposes of this subdivision, "assessment" is defined as the activities used to determine a child's level of performance in order to promote the child's learning and development. Work on this duty will begin in fiscal year 2012. Any costs incurred by the council in making these recommendations must be paid from private funds. If no private funds are received, the council must not proceed in making these recommendations. The council must report its recommendations to the governor and legislature by January 15, 2013, with an interim report on February 15, 2011.

(4) review and provide input on the recommendations and implementation timelines developed by the Great Start For All Minnesota Children Task Force under Laws 2021, First Special Session chapter 7, article 14, section 18, subdivision 2.

Sec. 9. Minnesota Statutes 2022, section 124D.142, subdivision 2, is amended to read:

Subd. 2. **System components.** (a) The standards-based voluntary quality rating and improvement system includes:

(1) at least a one-star rating for all programs licensed under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed that do not opt out of the system under paragraph (b) and that are not:

(i) the subject of a finding of fraud for which the program or individual is currently serving a penalty or exclusion;

(ii) prohibited from receiving public funds under section 245.095, regardless of whether the action is under appeal;

(iii) under revocation, suspension, temporary immediate suspension, or decertification, or is operating under a conditional license, regardless of whether the action is under appeal; or

(iv) the subject of suspended, denied, or terminated payments to a provider under section 119B.13, subdivision 6, paragraph (d), clause (1) or (2); 245E.02, subdivision 4, paragraph (c), clause (4); or 256.98, subdivision 1, regardless of whether the action is under appeal;

~~(1)~~ (2) quality opportunities in order to improve the educational outcomes of children so that they are ready for school;

~~(2)~~ (3) a framework based on the Minnesota quality rating system rating tool and a common set of child outcome and program standards informed by evaluation results;

~~(3)~~ (4) a tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality;

~~(4)~~ (5) voluntary participation ensuring that if a program or provider chooses to participate, the program or provider will be rated and may receive public funding associated with the rating; and

~~(5)~~ (6) tracking progress toward statewide access to high-quality early learning and care programs, progress toward the number of low-income children whose parents can access quality programs, and progress toward increasing the number of children who are fully prepared to enter kindergarten.

(b) By July 1, 2026, the commissioner of human services shall establish a process by which a program may opt out of the rating under paragraph (a), clause (1). The commissioner shall consult with Tribes to develop a process for rating Tribally licensed programs that is consistent with the goal outlined in paragraph (a), clause (1).

Sec. 10. Minnesota Statutes 2022, section 124D.162, is amended to read:

**124D.162 KINDERGARTEN ~~READINESS~~ ENTRY ASSESSMENT.**

Subdivision 1. **Assessment required.** The commissioner of education ~~may~~ must implement a kindergarten ~~readiness entry~~ assessment representative of incoming kindergartners to identify the percent of kindergartners who meet or exceed end-of-year prekindergarten early learning standards. The assessment must be based on the Department of Education Kindergarten Readiness Assessment at kindergarten-entrance study.

Subd. 2. **Process.** (a) School districts and charter schools must choose a kindergarten entry assessment tool from a menu of valid and reliable measurement instruments approved by the department that:

(1) are aligned to the state early childhood indicators of progress and kindergarten standards and are based on the criteria to be an early learning assessment approved by the department;

(2) support the world's best workforce goals in section 120B.11, subdivision 1, paragraph (c); and

(3) are based, in part, on information collected from teachers, early learning professionals, families, and other partners.

(b) The department must provide technical assistance and professional development related to the assessment required under this section to educators, school districts, and charter schools.

Subd. 3. **Reporting.** School districts and charter schools must annually report the results of kindergarten entry assessments to the department in a form and manner determined by the commissioner that is concurrent with a district's and charter school's world's best workforce report under section 120B.11, subdivision 5. The commissioner must publicly report kindergarten readiness results as part of the performance reports required under section 120B.36 and in a manner consistent with section 120B.35, subdivision 3, paragraph (a), clause (2).

Subd. 4. **Implementation.** The requirements under this section must be phased in over three school years with all school districts and charter schools complying beginning with the 2025-2026 school year.

Sec. 11. Minnesota Statutes 2022, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must have an eligible child and meet at least one of the following eligibility requirements:

(1) have an eligible child; and

(2) (1) have income equal to or less than 185 percent of federal poverty level income;

(i) the at-application rate specified in section 119B.09, subdivision 1, paragraph (a), clause (2), in the current calendar year, ~~or~~; or

(ii) beginning July 1, 2025, the rate specified in United States Code, title 42, section 9858n(4)(B), as adjusted for family size;

(2) be able to document their child's current participation in the free and reduced-price ~~lunch~~ meal program or Child and Adult Care Food Program, National School Lunch Act, United States

Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or ~~placement~~

(3) have a child referred as in need of child protection services or placed in foster care under section 260C.212.

(b) An "eligible child" means a child who has not yet enrolled in kindergarten and is:

~~(1) at least three but not yet five years of age on September 1 of the current school year;~~

~~(2) a sibling from birth to age five of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;~~

~~(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; or~~

~~(4) homeless, in foster care, or in need of child protective services.~~

(c) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(d) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(e) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

**EFFECTIVE DATE.** This section is effective July 1, 2024, except paragraph (b) is effective January 1, 2024.

Sec. 12. Minnesota Statutes 2022, section 124D.165, is amended by adding a subdivision to read:

Subd. 2a. **Applications; priorities.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meet the operational needs of eligible families and programs.

(b) The commissioner must give highest priority to applications from children who:

(1) are not yet four years of age;

(2) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;

(3) are in foster care;

(4) have been referred as in need of child protection services;

(5) have an incarcerated parent;

(6) have a parent in a substance use treatment program;

(7) have a parent in a mental health treatment program;

(8) have experienced domestic violence; or

(9) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 1143a.

(c) Notwithstanding paragraph (b), beginning July 1, 2025, the commissioner must give highest priority to applications from children in families with income equal to or less than the rate specified under subdivision 2, paragraph (a), clause (1), item (i), and within this group must prioritize children who meet one or more of the criteria listed in paragraph (b).

(d) The commissioner may prioritize applications on additional factors, including but not limited to availability of funding, family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

**EFFECTIVE DATE.** This section is effective July 1, 2024, except paragraph (b), clause (1), is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** ~~(a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must give highest priority to applications from children who:~~

~~(1) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;~~

~~(2) are in foster care or otherwise~~

~~in need of protection or services; or~~

~~(3) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.~~

~~The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.~~

~~(b) (a)~~ The commissioner shall establish a ~~target for the average scholarship amount per child~~ schedule of tiered per-child scholarship amounts based on the results of the rate survey conducted under section 119B.02, subdivision 7, the cost of providing high-quality early care and learning to children in varying circumstances, a family's income, and geographic location.

(b) Notwithstanding paragraph (a), a program that has a four-star rating under section 124D.142 must receive, for each scholarship recipient who meets the criteria in subdivision 2a, paragraph (b) or (c), an amount not less than the cost to provide full-time care at the 75th percentile of the most recent market rate survey under section 119B.02, subdivision 7.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ~~ten~~ three months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. An extension may be requested if a program is unavailable for the child within the three-month timeline. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program or within 90 days after the child's third birthday if awarded a scholarship under the age of three.

(f) For fiscal year 2017 and later, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 124D.165, subdivision 4, is amended to read:

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early learning scholarship, a program must:

~~(1)~~ participate in the quality rating and improvement system under section 124D.142; ~~and.~~

~~(2) beginning July 1, 2024, have a three- or four-star rating in the quality rating and improvement system.~~

(b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

Sec. 15. Minnesota Statutes 2022, section 124D.165, subdivision 6, is amended to read:

Subd. 6. **Early learning scholarship account.** (a) An account is established in the special revenue fund known as the "early learning scholarship account."

(b) Funds appropriated for early learning scholarships under this section must be transferred to the early learning scholarship account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for early learning scholarships under this section. Any returned funds are available to be regranted.

(d) Up to ~~\$950,000~~ \$2,133,000 annually is appropriated to the commissioner for costs associated with administering and monitoring early learning scholarships.

(e) The commissioner may use funds under paragraph (c) for the purpose of family outreach and distribution of scholarships.

(f) The commissioner may use up to \$5,000,000 in funds under paragraph (c) to create information technology systems, including but not limited to an online application, a case management system, attendance tracking, and a centralized payment system. Beginning July 1, 2025, the commissioner may use up to \$750,000 annually in funds under paragraph (c) to maintain the information technology systems created under this paragraph.

Sec. 16. Minnesota Statutes 2022, section 125A.13, is amended to read:

#### **125A.13 SCHOOL OF PARENTS' CHOICE.**

(a) Nothing in this chapter must be construed as preventing parents of a child with a disability from sending the child to a school of their choice, if they so elect, subject to admission standards and policies adopted according to sections 125A.62 to 125A.64 and 125A.66 to 125A.73, and all other provisions of chapters 120A to 129C.

(b) The parent of a student with a disability not yet enrolled in kindergarten and not open enrolled in a nonresident district may ~~request that the resident district enter into a tuition agreement with~~ elect, in the same manner as the parent of a resident student with a disability, a school in the nonresident district if:

~~(1) where the child is enrolled in a Head Start program or a licensed child care setting in the nonresident district; and, provided~~

~~(2) the child can be served in the same setting as other children in the nonresident district with the same level of disability.~~

**Sec. 17. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; ONE-STAR RATING REPORT.**

The commissioner of human services must engage with early care and learning providers to assess how the availability of a one-star rating under Minnesota Statutes, section 124D.142, subdivision 2, paragraph (a), clause (1), may impact the number of providers that choose to work toward higher ratings under Minnesota Statutes, section 124D.142. The commissioner must determine the cost to establish the one-star rating under Minnesota Statutes, section 124D.142, subdivision 2, paragraph (a), clause (1), and the extent to which funding is needed to support quality improvement for providers that seek to earn higher ratings. By December 31, 2024, the commissioner must report on findings under this section to the legislative committees with jurisdiction over early care and learning programs.

**Sec. 18. APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this article is enacted more than once during the 2023 regular session, the appropriation or transfer must be given effect once.

**Sec. 19. APPROPRIATION; GREAT START SCHOLARSHIPS PROGRAM.**

\$2,610,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of human services for establishing and implementing the great start scholarships program under Minnesota Statutes, section 119C.01. The commissioner may transfer all or part of the appropriation to the commissioner of children, youth, and families beginning July 1, 2024. This is a onetime appropriation and is available until June 30, 2027.

**Sec. 20. APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Grow Your Own. (a) For grants to develop, continue, or expand Grow Your Own programs under Minnesota Statutes, section 122A.731:

<u>\$</u>	<u>2,500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>2,500,000</u>	<u>.....</u>	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 122A.731, subdivision 4.

(c) The base for fiscal year 2026 and later is \$500,000.

Subd. 3. Early childhood and family education teacher shortage. (a) For transfer to the Office of Higher Education for grants to Minnesota institutions of higher education to address the early childhood and family education teacher shortage:

<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2025</u>

(b) Grant funds may be used to provide tuition and other supports to students.

(c) Up to five percent of the grant amount is available for grant administration and monitoring.

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

Subd. 4. **School readiness.** (a) For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	<u>33,683,000</u>	.....	<u>2024</u>
\$	<u>33,683,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$3,368,000 for 2023 and \$30,315,000 for 2024.

(c) The 2025 appropriation includes \$3,368,000 for 2024 and \$30,315,000 for 2025.

Subd. 5. **Early learning scholarships.** (a) For the early learning scholarship program under Minnesota Statutes, section 124D.165:

\$	<u>196,737,000</u>	.....	<u>2024</u>
\$	<u>196,738,000</u>	.....	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 124D.165, subdivision 6.

(c) The base for fiscal year 2026 and later is \$100,173,000.

Subd. 6. **Head Start program.** (a) For Head Start programs under Minnesota Statutes, section 119A.52:

\$	<u>35,100,000</u>	.....	<u>2024</u>
\$	<u>35,100,000</u>	.....	<u>2025</u>

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

Subd. 7. **Early childhood family education aid.** (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	<u>37,497,000</u>	.....	<u>2024</u>
\$	<u>39,108,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$3,518,000 for 2023 and \$33,979,000 for 2024.

(c) The 2025 appropriation includes \$3,775,000 for 2024 and \$35,333,000 for 2025.

Subd. 8. **Early childhood family education support staff.** (a) For the purposes described under Minnesota Statutes, section 124D.13, subdivision 12a:

\$	<u>375,000</u>	.....	<u>2024</u>
\$	<u>375,000</u>	.....	<u>2025</u>

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

Subd. 9. **Developmental screening aid.** (a) For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	<u>4,350,000</u>	.....	<u>2024</u>
\$	<u>4,375,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$349,000 for 2023 and \$4,001,000 for 2024.

(c) The 2025 appropriation includes \$445,000 for 2024 and \$3,930,000 for 2025.

Subd. 10. **Administrative costs for developmental screening.** (a) For the administrative costs associated with developmental screening under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	<u>127,000</u>	.....	<u>2024</u>
\$	<u>77,000</u>	.....	<u>2025</u>

(b) The base for fiscal year 2026 and later is \$77,000.

Subd. 11. **ParentChild+ program.** (a) For a grant to the ParentChild+ program:

\$	<u>1,800,000</u>	.....	<u>2024</u>
\$	<u>1,800,000</u>	.....	<u>2025</u>

(b) The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2024 and 2025.

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

(d) The base for fiscal year 2026 and later is \$900,000.

Subd. 12. **Kindergarten entry assessment.** (a) For the kindergarten entry assessment under Minnesota Statutes, section 124D.162:

\$	<u>1,049,000</u>	.....	<u>2024</u>
\$	<u>2,037,000</u>	.....	<u>2025</u>

(b) The base for fiscal year 2026 is \$2,357,000 and the base for fiscal year 2027 is \$1,743,000.

Subd. 13. **Quality rating and improvement system.** (a) For transfer to the commissioner of human services for the purposes of expanding the quality rating and improvement system under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the quality rating and improvement system:

\$	<u>2,850,000</u>	.....	<u>2024</u>
\$	<u>1,750,000</u>	.....	<u>2025</u>

(b) The amounts in paragraph (a) must be in addition to any federal funding under the child care and development block grant authorized under Public Law 101-508 in that year for the system under Minnesota Statutes, section 124D.142.

(c) The commissioner of human services shall use up to \$1,100,000 in fiscal year 2024 from the amount appropriated under paragraph (a) to establish and report on the automatic one-star rating under Minnesota Statutes, section 124D.142, subdivision 2, paragraph (a), and to offer related supports.

Subd. 14. **Children's savings accounts start-up grants.** (a) For a grant to Youthprise to implement and administer a pilot program to award grants to entities to start up new, local child savings account programs:

\$	<u>500,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) Youthprise must allocate at least \$400,000 of this appropriation for grants to entities in up to four locations in the state to start up new, local child savings account programs. To the extent possible, Youthprise must award grants in urban, rural, suburban, and Tribal settings.

(c) By December 1, 2025, Youthprise must report on the status and any outcomes of the pilot project to the Department of Education and relevant committees of the legislature.

(d) This is a onetime appropriation and is available through June 30, 2025.

Subd. 15. **Early childhood programs at Tribal contract schools.** (a) For early childhood family education programs at Tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$	<u>68,000</u>	.....	<u>2024</u>
\$	<u>68,000</u>	.....	<u>2025</u>

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

Subd. 16. **Educate parents partnership.** (a) For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$	<u>49,000</u>	.....	<u>2024</u>
\$	<u>49,000</u>	.....	<u>2025</u>

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

Subd. 17. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section 124D.135:

\$	<u>391,000</u>	.....	<u>2024</u>
\$	<u>309,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$41,000 for 2023 and \$350,000 for 2024.

(c) The 2025 appropriation includes \$38,000 for 2024 and \$271,000 for 2025.

Subd. 18. **Learning with Music program.** (a) For a grant to the MacPhail Center for Music to expand the Learning with Music program:

<u>\$</u>	<u>250,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>250,000</u>	<u>.....</u>	<u>2025</u>

(b) The MacPhail Center for Music must use the grant money received under this subdivision to:

(1) expand direct programming to four early childhood center locations in each year of the grant, with a focus on meeting the needs of children experiencing economic hardship in the metropolitan area; and

(2) create and deliver professional development training opportunities to early childhood educators statewide, both online and in person, that are based on current successful elements of the Learning with Music program.

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

(d) The base for fiscal year 2026 is \$0.

Subd. 19. **Way to Grow.** (a) For a grant to Way to Grow:

<u>\$</u>	<u>150,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>150,000</u>	<u>.....</u>	<u>2025</u>

(b) Way to Grow must use the grant money to extend its home visiting services, including family support services, health and wellness education, and learning support to more families with children from birth to age eight.

(c) This is a onetime appropriation.

Subd. 20. **Reach Out and Read Minnesota.** (a) For a grant to Reach Out and Read Minnesota to establish a statewide plan that encourages early childhood development through a network of health care clinics:

<u>\$</u>	<u>250,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>250,000</u>	<u>.....</u>	<u>2025</u>

(b) The grant recipient must develop and implement a plan that includes:

(1) integrating children's books and parent education into well-child visits;

(2) creating literacy-rich environments at health care clinics by providing books to clinics for visits outside of Reach Out and Read Minnesota parameters, for waiting room use, or for volunteer readers to model read-aloud techniques for parents where possible;

(3) working with public health clinics, federally qualified health centers, Tribal sites, community health centers, and clinics that belong to health care systems, as well as independent clinics in underserved areas; and

(4) training medical professionals on discussing the importance of early literacy with parents of infants, toddlers, and preschoolers.

(c) The grant recipient must fully implement the plan on a statewide basis by 2030.

Subd. 21. **Executive function across generations curriculum grant.** (a) For a grant to the family partnership for an executive function curriculum pilot program:

\$            300,000    ..... 2024

(b) The family partnership must establish six sites across Minnesota to provide executive function across generations curriculum. The sites must be spread across the state and include rural, suburban, and urban early education and care providers, organizations providing home visiting services, or parenting groups in high-risk communities. The family partnership must report to the legislature by December 15, 2024, and December 15, 2025, on the progress made to expand the executive function curriculum across Minnesota.

(c) This is a onetime appropriation and is available until June 30, 2025.

Subd. 22. **Metro Deaf School.** (a) For a grant to Metro Deaf School to provide services to young children who have a primary disability of deaf, deafblind, or hard-of-hearing and who are not eligible for funding under Minnesota Statutes, section 124E.11, paragraph (h):

\$            100,000    ..... 2024

\$            100,000    ..... 2025

(b) This is a onetime appropriation.

Subd. 23. **Voluntary prekindergarten administrative costs.** For administrative and IT costs associated with the voluntary prekindergarten program under Minnesota Statutes, section 124D.151:

\$            340,000    ..... 2024

\$            691,000    ..... 2025

Subd. 24. **Early childhood curriculum grants.** (a) For competitive grants to Minnesota postsecondary institutions to improve the curricula of the recipient institution's early childhood education programs by incorporating or conforming to the Minnesota knowledge and competency frameworks for early childhood professionals:

\$            250,000    ..... 2024

\$            250,000    ..... 2025

(b) By December 1, 2024, and again by December 1, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over early childhood through grade 12 education and higher education finance and policy reporting on grants awarded under this subdivision. The report must include the following information for the previous fiscal year:

(1) the number of grant applications received;

(2) the criteria applied by the commissioner for evaluating applications;

(3) the number of grants awarded, grant recipients, and amounts awarded;

(4) early childhood education curricular reforms proposed by each recipient institution;

(5) grant outcomes for each recipient institution; and

(6) other information identified by the commissioner as outcome indicators.

(c) The commissioner may use no more than three percent of the appropriation under this subdivision to administer the grant program.

(d) This is a onetime appropriation.

Subd. 25. **Great start scholarships program.** (a) For establishing and implementing the great start scholarships program under Minnesota Statutes, section 119C.01:

\$	1,656,000	...	2024
\$	0	...	2025

(b) The commissioner may transfer all or part of the appropriation to the commissioner of children, youth, and families beginning July 1, 2024.

(c) This is a onetime appropriation and is available until June 30, 2027."

Delete the title and insert:

"A bill for an act relating to early childhood; modifying provisions for early learning scholarships, Head Start, and early education programs; providing for early childhood educator programs; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 119A.52; 121A.17, subdivision 3; 121A.19; 124D.13, by adding a subdivision; 124D.141, subdivision 2; 124D.142, subdivision 2; 124D.162; 124D.165, subdivisions 2, 3, 4, 6, by adding a subdivision; 125A.13; proposing coding for new law in Minnesota Statutes, chapter 122A; proposing coding for new law as Minnesota Statutes, chapter 119C."

We request the adoption of this report and repassage of the bill.

House Conferees: Dave Pinto, Maria Isa Perez-Vega

Senate Conferees: Mary Kunesh, Melissa Wiklund

Senator Kunesh moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2292 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Rasmusson moved that the recommendations and Conference Committee Report on H.F. No. 2922 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Rasmusson motion.

The roll was called, and there were yeas 32 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	
Drazkowski	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Lieske, Limmer, Nelson, Pratt, Weber, and Wesenberg.

Those who voted in the negative were:

Abeler	Fateh	Kunesh	Mitchell	Port
Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong

Pursuant to Rule 40, Senator Boldon cast the negative vote on behalf of the following Senators: Klein, Mann, McEwen, Oumou Verbeten, Pappas, Pha, Port, Rest, and Wiklund.

The motion did not prevail.

The question recurred on the adoption of the Kunesh motion.

The roll was called, and there were yeas 37 and nays 30, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Kunesh	Mohamed	Rest
Boldon	Frentz	Kupec	Morrison	Seeberger
Carlson	Gustafson	Latz	Murphy	Westlin
Champion	Hauschild	Mann	Oumou Verbeten	Wiklund
Coleman	Hawj	Marty	Pappas	Xiong
Cwodzinski	Hoffman	Maye Quade	Pha	
Dibble	Housley	McEwen	Port	
Dziedzic	Klein	Mitchell	Putnam	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Klein, Mann, McEwen, Oumou Verbeten, Pappas, Pha, Port, Rest, and Wiklund.

Those who voted in the negative were:

Anderson	Duckworth	Jasinski	Limmer	Rarick
Bahr	Eichorn	Johnson	Lucero	Rasmusson
Dahms	Farnsworth	Koran	Mathews	Utke
Dornink	Green	Kreun	Miller	Weber
Draheim	Gruenhagen	Lang	Nelson	Wesenberg
Drazkowski	Howe	Lieske	Pratt	Westrom

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Lieske, Limmer, Nelson, Pratt, Weber, and Wesenberg.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 2292 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 38 and nays 29, as follows:

Those who voted in the affirmative were:

Abeler	Fatch	Kunesh	Mohamed	Putnam
Boldon	Frentz	Kupec	Morrison	Rest
Carlson	Gustafson	Latz	Murphy	Seeberger
Champion	Hauschild	Mann	Nelson	Westlin
Coleman	Hawj	Marty	Oumou Verbeten	Wiklund
Cwodzinski	Hoffman	Maye Quade	Pappas	Xiong
Dibble	Housley	McEwen	Pha	
Dziedzic	Klein	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Frentz, Klein, Mann, Marty, McEwen, Oumou Verbeten, Pappas, Pha, Port, and Rest.

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senator: Nelson.

Those who voted in the negative were:

Anderson	Duckworth	Jasinski	Limmer	Rasmusson
Bahr	Eichorn	Johnson	Lucero	Utke
Dahms	Farnsworth	Koran	Mathews	Weber
Dornink	Green	Kreun	Miller	Wesenberg
Draheim	Gruenhagen	Lang	Pratt	Westrom
Drazkowski	Howe	Lieske	Rarick	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Lieske, Limmer, Pratt, Weber, and Wesenberg.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2497, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2497 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 16, 2023

### CONFERENCE COMMITTEE REPORT ON H. F. No. 2497

A bill for an act relating to education finance; providing funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, literacy, American Indian education, teachers, charter schools, special education, facilities, nutrition, libraries, early childhood, community education, grants management, and state agencies; making forecast adjustments; providing for rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 13.32, subdivision 3; 120A.20, subdivision 1; 120A.22, subdivision 10; 120A.414, subdivision 2, by adding a subdivision; 120A.42; 120B.018, subdivision 6; 120B.021, subdivisions 1, 2, 3, 4, as amended, by adding a subdivision; 120B.022, subdivision 1; 120B.024, subdivisions 1, 2; 120B.11, subdivisions 1, 2, 3; 120B.12; 120B.122, subdivision 1; 120B.15; 120B.30, subdivisions 1, 1a; 120B.301; 120B.35, subdivision 3; 120B.36, subdivision 2; 121A.031, subdivision 6; 121A.04, subdivisions 1, 2; 121A.41, subdivision 7, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding a subdivision; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.58; 121A.582, subdivision 1; 121A.61, subdivisions 1, 3, by adding subdivisions; 122A.06, subdivisions 1, 2, 5, 6, 7, 8, by adding subdivisions; 122A.07, subdivisions 1, 2, 4, 4a, 5, 6; 122A.09, subdivisions 4, 6, 9, 10; 122A.091, subdivisions 1, 2; 122A.092, subdivision 5; 122A.15, subdivision 1; 122A.18, subdivisions 1, 2, 10, by adding a subdivision; 122A.181, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 122A.182, subdivisions 1, 4, by adding subdivisions; 122A.183, subdivisions 1, 2, by adding subdivisions; 122A.184, subdivision 1; 122A.185, subdivisions 1, 4; 122A.187, subdivisions 1, 5, by adding a subdivision; 122A.19, subdivision 4; 122A.26, subdivision 2; 122A.31, subdivision 1; 122A.40, subdivisions 3, 5, 8; 122A.41, subdivisions 2, 5, by adding a subdivision; 122A.415, subdivision 4; 122A.42; 122A.50; 122A.59; 122A.63, by adding a subdivision; 122A.635; 122A.69; 122A.70; 122A.73, subdivisions 2, 3, 5; 123B.147, subdivision 3; 123B.595, subdivisions 1, 2, 3, 4, 7, 8, 8a, 9, 10, 11; 123B.71, subdivisions 9, 12; 123B.86, subdivision 3; 123B.92, subdivision 1, by adding a subdivision; 124D.03, subdivisions 3, 5; 124D.09, subdivisions 3, 5, 12, 13; 124D.111, subdivisions 2a, 5; 124D.1158, as amended; 124D.119; 124D.128, subdivisions 1, 2; 124D.151, subdivision 6; 124D.20, subdivisions 3, 5; 124D.2211; 124D.231; 124D.42, subdivision 8; 124D.531, subdivisions 1, 4; 124D.55; 124D.56; 124D.59, subdivisions 2, 2a; 124D.65, subdivision 5; 124D.68, subdivisions 2, 3; 124D.73, by adding a subdivision; 124D.74, subdivisions 1, 3, 4, by adding a subdivision; 124D.76; 124D.78; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81; 124D.861, subdivision 2; 124D.862, subdivision 8; 124D.98, by adding a subdivision; 124D.99, subdivision 2; 124E.02; 124E.03, subdivision 2, by adding a subdivision; 124E.05, subdivisions 4, 7; 124E.06, subdivisions 1, 4, 5; 124E.10, subdivision 1; 124E.11; 124E.12, subdivision 1; 124E.13, subdivisions 1, 3; 124E.25, subdivision 1a; 125A.03; 125A.08; 125A.0942; 125A.13; 125A.15; 125A.51; 125A.515, subdivision 3; 125A.71, subdivision 1; 125A.76, subdivisions 2c, 2e, by adding a subdivision; 126C.05, subdivisions 1, 3, as amended, 19; 126C.10, subdivisions 2, 2a, 2d, 2e, 3, 4, 13, 13a, 14, 18a, by adding subdivisions; 126C.15, subdivisions 1, 2, 5; 126C.17, by adding a subdivision; 126C.40, subdivisions 1, 6; 126C.43, subdivision 2; 126C.44; 127A.353, subdivisions 2, 4; 134.31, subdivisions 1, 4a; 134.32, subdivision 4; 134.34, subdivision 1; 134.355, subdivisions 5, 6, 7;

144.4165; 179A.03, subdivisions 14, 18, 19; 256B.0625, subdivision 26; 268.085, subdivision 7; 290.0679, subdivision 2; Laws 2021, First Special Session chapter 13, article 1, section 10, subdivisions 2, 3, 4, 5, 6, 7, 9; article 2, section 4, subdivisions 2, 3, 4, 12, 27; article 3, section 7, subdivision 7; article 5, section 3, subdivisions 2, 3, 4; article 7, section 2, subdivisions 2, 3; article 8, section 3, subdivisions 2, 3, 4; article 9, section 4, subdivisions 5, 6, 12; article 10, section 1, subdivisions 2, 8; article 11, section 4, subdivision 2; Laws 2023, chapter 18, section 4, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 126C; 127A; repealing Minnesota Statutes 2022, sections 120B.35, subdivision 5; 122A.06, subdivision 4; 122A.07, subdivision 2a; 122A.091, subdivisions 3, 6; 122A.18, subdivision 7c; 122A.182, subdivision 2; 124D.095, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 126C.05, subdivisions 3, 16; 268.085, subdivision 8; Minnesota Rules, part 8710.0500, subparts 8, 11.

May 15, 2023

The Honorable Melissa Hortman  
Speaker of the House of Representatives

The Honorable Bobby Joe Champion  
President of the Senate

We, the undersigned conferees for H. F. No. 2497 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2497 be further amended as follows:

Delete everything after the enacting clause and insert:

## **"ARTICLE 1**

### **GENERAL EDUCATION**

#### Section 1. **[121A.212] ACCESS TO MENSTRUAL PRODUCTS.**

A school district or charter school must provide students with access to menstrual products at no charge. The products must be available to all menstruating students in restrooms regularly used by students in grades 4 to 12 according to a plan developed by the school district. For purposes of this section, "menstrual products" means pads, tampons, or other similar products used in connection with the menstrual cycle.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

#### Sec. 2. **[121A.224] OPIATE ANTAGONISTS.**

(a) A school district or charter school must maintain a supply of opiate antagonists, as defined in section 604A.04, subdivision 1, at each school site to be administered in compliance with section 151.37, subdivision 12.

(b) Each school building must have two doses of nasal naloxone available on-site.

(c) The commissioner of health shall identify resources, including at least one training video to help schools implement an opiate antagonist emergency response and make the resources available for schools.

(d) A school board may adopt a model plan for use, storage, and administration of opiate antagonists.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 3. Minnesota Statutes 2022, section 123B.71, subdivision 12, is amended to read:

Subd. 12. **Publication.** (a) At least ~~20~~ 48 days but not more than 60 days before a referendum for bonds or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish a summary of the commissioner's review and comment of that project in the legal newspaper of the district. The school board must hold a public meeting to discuss the commissioner's review and comment before the referendum for bonds. Supplementary information shall be available to the public.

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.595.

**EFFECTIVE DATE.** This section is effective for elections conducted on or after August 9, 2023.

Sec. 4. Minnesota Statutes 2022, section 123B.86, subdivision 3, is amended to read:

Subd. 3. **Board control.** (a) When transportation is provided, the scheduling of routes, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the board.

(b) A school board and a nonpublic school may mutually agree to a written plan for the board to provide nonpublic pupil transportation to nonpublic school students.

(c) A school board that provides pupil transportation through the school's employees may transport nonpublic school students according to the plan and retain the nonpublic pupil transportation aid attributable to that plan. A nonpublic school may make a payment to the school district to cover additional transportation services agreed to in the written plan for nonpublic pupil transportation services not required under sections 123B.84 to 123B.87.

(d) A school board that contracts for pupil transportation services may enter into a contractual arrangement with a school bus contractor according to the written plan adopted by the school board and the nonpublic school to transport nonpublic school students and retain the nonpublic pupil transportation aid attributable to that plan for the purposes of paying the school bus contractor. A nonpublic school may make a payment to the school district to cover additional transportation services agreed to in the written plan for nonpublic pupil transportation services included in the contract that are not required under sections 123B.84 to 123B.87.

(e) The school district must report the number of nonpublic school students transported and the nonpublic pupil transportation expenditures incurred under paragraph (b) in the form and manner specified by the commissioner.

**EFFECTIVE DATE.** This section is effective for fiscal year 2024 and later.

Sec. 5. Minnesota Statutes 2022, section 123B.92, is amended by adding a subdivision to read:

Subd. 11. **Area learning center transportation aid.** (a) A district that provides transportation of pupils to and from an area learning center program established under section 123A.05 is eligible for state aid to reimburse the additional costs of transportation during the preceding fiscal year.

(b) A district may apply to the commissioner of education for state aid to reimburse the costs of transporting pupils who are enrolled in an area learning center program established under section 123A.05 during the preceding fiscal year. The commissioner shall develop the form and manner of applications for state aid, the criteria to determine when transportation is necessary, and the accounting procedure to determine excess costs. In determining aid amounts, the commissioner shall consider other revenue received by the district for transportation for area learning center purposes.

(c) The total aid entitlement for this section is \$1,000,000 each year. The commissioner must prorate aid if this amount is insufficient to reimburse district costs.

Sec. 6. **[124D.4536] CAREER AND TECHNICAL EDUCATION CONSORTIUM GRANTS.**

Subdivision 1. **Definition.** "Career and technical education (CTE) consortium" means a voluntary collaboration of the Minnesota Service Cooperatives and other regional public and private partners, including school districts, intermediate school districts, vocational cooperatives, and higher education institutions, that work together to provide career and technical education opportunities for students.

Subd. 2. **Establishment.** (a) A CTE consortium must:

(1) develop career pathways for students;

(2) develop new career and technical programs that focus on the industry sectors that fuel the regional economy;

(3) facilitate the development of highly trained and knowledgeable students who are equipped with technical and workplace skills needed by regional employers;

(4) improve access to career and technical education programs for students by developing public and private partnerships with labor, business, and industry leaders and by increasing coordination of high school and postsecondary program options;

(5) increase family and student awareness of the availability and benefit of career and technical education courses and training opportunities; and

(6) provide industry-level equipment and technologies supporting skill development as identified by CTE consortia partners.

(b) In addition to the requirements in paragraph (a), a CTE consortium may:

(1) address the teacher shortage crisis in career and technical education through incentive funding and training programs;

(2) provide professional development for training teachers in curriculum and skill development in focus areas identified by CTE consortia partners; and

(3) provide transportation reimbursement grants to provide equitable opportunities throughout the region for students to participate in career and technical education.

Subd. 3. **Career and technical education advisory committee.** The Minnesota Service Cooperatives must establish a career and technical education advisory committee to provide advice on the administration of a CTE consortium.

Subd. 4. **Private funding.** A CTE consortium may receive other sources of funds to supplement state funding. All funds received must be administered by the Minnesota Service Cooperatives.

Subd. 5. **Reporting requirements.** By January 15 of each year, a CTE consortium receiving funding under this section must submit an annual report on the progress of its activities to the commissioner of education and the chairs and ranking minority members of the legislative committees with jurisdiction over secondary and postsecondary education. The annual report must contain a financial report for the preceding fiscal year.

Subd. 6. **Grant awards.** The Minnesota Service Cooperatives serves as the fiscal host for grants awarded under this section. The Minnesota Service Cooperatives may consult with the commissioner to award grants to any CTE consortium that qualifies under this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 7. Minnesota Statutes 2022, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12; an early childhood special education student under Part B, section 619 of the Individuals with Disabilities Education Act, United States Code, title 20, section 1419; or a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 or a school readiness plus program who meets the requirements under subdivision 2a or the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by a valid assessment measuring the pupil's English language proficiency and by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in academic classes taught in English.

(b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in the previous school year took a commissioner-provided assessment measuring the pupil's emerging academic

English, shall be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall generate state English learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on the assessment measuring the pupil's emerging academic English, or, in the judgment of the pupil's classroom teachers, consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom.

(c) Notwithstanding paragraphs (a) and (b), a pupil in early childhood special education or prekindergarten under section 124D.151, through grade 12 shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners under sections 124D.58 to 124D.64; or

(2) the pupil has generated seven or more years of average daily membership in Minnesota public schools since July 1, 1996.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 8. Minnesota Statutes 2022, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district EL revenue.** (a) For fiscal year 2024 through fiscal year 2026, a district's English learner programs revenue equals the sum of:

(1) the product of ~~(1) \$704 times~~ (2) (i) \$1,228 and (ii) the greater of 20 or the adjusted average daily membership of eligible English learners enrolled in the district during the current fiscal year; and

(2) \$436 times the English learner pupil units under section 126C.05, subdivision 17.

(b) For fiscal year 2027 and later, a district's English learner programs revenue equals the sum of:

(1) the product of: (i) \$1,775, and (ii) the greater of 20 or the adjusted average daily membership of eligible English learners enrolled in the district during the current fiscal year;

(2) \$630 times the English learner pupil units under section 126C.05, subdivision 17; and

(3) the district's English learner cross subsidy aid. A district's English learner cross subsidy aid under paragraph (c) equals 25 percent of the district's English learner cross subsidy for fiscal year 2027 and later.

(c) A district's English learner cross subsidy aid equals the greater of zero or the difference between the district's expenditures for qualifying English learner services for the second previous year and the district's English learner revenue for the second previous year.

~~(b)~~ (d) A pupil ceases to generate state English learner aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

Sec. 9. [124D.995] SCHOOL UNEMPLOYMENT AID.

Subdivision 1. **Account established.** An account is established in the special revenue fund known as the school unemployment aid account.

Subd. 2. **Funds deposited in account.** Funds appropriated for school unemployment aid must be transferred to the school unemployment aid account in the special revenue fund.

Subd. 3. **Money appropriated.** (a) Subject to the availability of funds, money in the account is annually appropriated to the commissioner of education to reimburse school districts; charter schools; intermediate school districts and cooperative units under section 123A.24, subdivision 2; the Perpich Center for Arts Education; and the Minnesota State Academies for costs associated with providing unemployment benefits to school employees under section 268.085, subdivision 7, paragraph (b).

(b) The Perpich Center for Arts Education and the Minnesota State Academies may only apply to the commissioner for reimbursement of unemployment insurance amounts in excess of the amounts specifically identified in their annual agency appropriations.

(c) If the amount in the account is insufficient, the commissioner must proportionately reduce the aid payment to each recipient. Aid payments must be paid 100 percent in the current year.

Subd. 4. **Administration and monitoring.** Up to \$275,000 is annually appropriated from the account to the commissioner of education for costs associated with administering and monitoring the program under this section. This amount is in addition to any other amount specifically appropriated for this purpose.

Subd. 5. **School reimbursement.** The commissioner of education must reimburse school districts, charter schools, intermediate school districts and other cooperative units, the Perpich Center for Arts Education, and the Minnesota State Academies in the form and manner specified by the commissioner. The commissioner may establish procedures to ensure that any costs reimbursed under this section are excluded from other school revenue calculations.

Subd. 6. **Expiration.** This section expires on June 30, 2027, and any balance remaining in the account is canceled to the general fund.

Sec. 10. Minnesota Statutes 2022, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** (a) The basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. ~~The formula allowance for fiscal year 2021 is \$6,567. The formula allowance for fiscal year 2022 is \$6,728.~~ The formula allowance for fiscal year 2023 ~~and later~~ is \$6,863. The formula allowance for fiscal year 2024 is \$7,138. The formula allowance for fiscal year 2025 is \$7,281.

(b) The formula allowance for fiscal year 2026 and later must be rounded to the nearest whole dollar and equals the formula allowance for the previous fiscal year times the greater of:

(1) 1.02; or

(2) one plus the rate of change in inflation calculated in paragraph (c) but not to exceed 1.03.

(c) In January of the calendar year in which the formula allowance begins, the commissioner of education must calculate the rate of change in inflation equal to the change in the Consumer Price Index for all urban consumers as published by the Bureau of Labor Statistics of the Department of Labor for the average of the fourth calendar quarter of the second prior fiscal year compared to the average of the fourth calendar quarter of the immediately prior fiscal year.

(d) The commissioner must publish the formula allowance by the end of February of each year.

(e) It is the policy and purpose of the legislature to fund its public schools consistent with its constitutional obligations. To this purpose, the legislature may enact additional increases in the general education basic formula allowance.

Sec. 11. Minnesota Statutes 2022, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time allowance equals \$5,117 for fiscal year 2023 and later.

(b) A school district's extended time revenue is equal to the product of ~~\$5,117~~ the extended time allowance in paragraph (a) and the sum of the adjusted pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

~~(b)~~ (c) Extended time revenue for pupils placed in an on-site education program at the Prairie Lakes Education Center or the Lake Park School, located within the borders of Independent School District No. 347, Willmar, for instruction provided after the end of the preceding regular school year and before the beginning of the following regular school year equals membership hours divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05, subdivision 1, times ~~\$5,117~~ the extended time allowance in paragraph (a).

(d) A school district qualifies for extended time revenue for instruction provided after the end of the preceding regular school year and before the beginning of the following regular school year for (1) every pupil attending a day treatment program, and (2) every pupil placed in a children's residential facility, whether the education services are provided on-site or off-site. Extended time revenue under this paragraph equals total membership hours in summer instruction divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05, subdivision 1, times the extended time allowance.

(e) For purposes of this subdivision, "children's residential facility" means a residential facility for children, including a psychiatric residential treatment facility, licensed by the Department of Human Services or the Department of Corrections and subject to Minnesota Rules, chapter 2960, or an inpatient hospitalization that includes mental health services.

(f) For purposes of this subdivision, "day treatment program" means:

(1) a site-based structured mental health program consisting of psychotherapy for three or more individuals and individual or group skills training provided by a team, under the treatment supervision of a mental health professional; or

(2) any other day treatment program designated by the commissioner of education consistent with the Minnesota Automated Reporting Student System manual, procedure 27.

~~(e)~~ (g) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, vacation break academies such as spring break academies and summer term academies, and other programming authorized under the learning year program.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 12. Minnesota Statutes 2022, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) ~~For fiscal year 2021 and later,~~ Local optional revenue for a school district equals the sum of the district's first tier local optional revenue and second tier local optional revenue. A district's first tier local optional revenue equals \$300 times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals \$424 times the adjusted pupil units of the district for that school year.

(b) ~~For fiscal year 2021 and later,~~ A district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy.

(c) A district's first tier local optional levy equals the district's first tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$880,000.

~~(d) For fiscal year 2022, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$510,000. For fiscal year 2023, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$548,842. For fiscal year 2024 and later,~~ a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$510,000. For fiscal year 2025, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$587,244. For fiscal year 2026, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$642,038. For fiscal year 2027 and later, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$671,345.

(e) The local optional levy must be spread on referendum market value. A district may levy less than the permitted amount.

(f) A district's local optional aid equals its local optional revenue minus its local optional levy. If a district's actual levy for first or second tier local optional revenue is less than its maximum levy limit for that tier, its aid must be proportionately reduced.

Sec. 13. Minnesota Statutes 2022, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) For fiscal year 2024, the compensatory education revenue for each building in the district equals the formula allowance minus \$839 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. A district's compensatory revenue equals the sum of its compensatory revenue for each building in the district and the amounts designated under Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8, for fiscal year 2017. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) For fiscal year 2025, compensatory revenue must be calculated under Laws 2023, chapter 18, section 3.

(c) For fiscal year 2026 and later, the compensatory education revenue for each building in the district equals its compensatory pupils multiplied by the building compensatory allowance. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

~~(b)~~ (d) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

~~(e)~~ (e) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

(f) Notwithstanding paragraph (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensatory education revenue must be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory education revenue must be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensatory education revenue must be prorated based on the ratio of the number of days of student instruction to 170 days.

(g) Notwithstanding paragraph (c), for fiscal year 2026, if the calculation under paragraph (d) results in statewide revenue of less than \$838,947,000, additional revenue must be provided to each building in a manner prescribed by the commissioner of education until total statewide revenue equals \$838,947,000.

(h) Notwithstanding paragraph (c), for fiscal year 2027, if the calculation under paragraph (d) results in statewide revenue of less than \$857,152,000, additional revenue must be provided to each building in a manner prescribed by the commissioner of education until total statewide revenue equals \$857,152,000.

Sec. 14. Minnesota Statutes 2022, section 126C.10, is amended by adding a subdivision to read:

Subd. 3a. **Definitions.** The definitions in this subdivision apply only to subdivisions 3, 3b, and 3c.

(a) "Building compensatory allowance" means a building concentration factor multiplied by the statewide compensatory allowance.

(b) "Building concentration factor" means the ratio of a building's compensatory pupils to the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(c) "Compensatory pupils" means the sum of the number of pupils enrolled in a building eligible to receive free meals pursuant to subdivision 3b plus one-half of the pupils eligible to receive reduced priced meals pursuant to subdivision 3b on October 1 of the previous fiscal year.

(d) "Statewide compensatory allowance" means the amount calculated pursuant to subdivision 3c.

Sec. 15. Minnesota Statutes 2022, section 126C.10, is amended by adding a subdivision to read:

Subd. 3b. **Free and reduced-price meals.** Beginning October 1, 2024, the commissioner shall determine the number of children eligible by means of direct certification to receive either a free or reduced-price meal on October 1 each year. Children enrolled in a building on October 1 and determined to be eligible by means of direct certification to receive free or reduced-price meals by December 15 of that school year shall be counted as eligible on October 1 for purposes of subdivision 3. The commissioner must use federal definitions for these purposes. The commissioner may adopt reporting guidelines to assure accuracy of data counts and eligibility. Districts must use any guidelines adopted by the commissioner.

Sec. 16. Minnesota Statutes 2022, section 126C.10, is amended by adding a subdivision to read:

Subd. 3c. **Statewide compensatory allowance.** (a) For fiscal year 2026, the statewide compensatory allowance is \$6,734. For fiscal year 2027 and later, the statewide compensatory allowance equals the statewide compensatory allowance in effect for the prior fiscal year times the ratio of the formula allowance under section 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section 126C.10, subdivision 2, for the prior fiscal year, rounded to the nearest whole dollar.

(b) For fiscal year 2026 and later, the statewide compensatory allowance equals the statewide compensatory allowance in effect for the prior fiscal year times the ratio of the formula allowance under section 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section 126C.10, subdivision 2, for the prior fiscal year, rounded to the nearest whole dollar.

Sec. 17. Minnesota Statutes 2022, section 126C.10, subdivision 4, is amended to read:

Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the sum of:

(1) compensatory revenue under subdivision 3; ~~plus~~ and

(2) English learner revenue under section 124D.65, subdivision 5; ~~plus~~

~~(3) \$250 times the English learner pupil units under section 126C.05, subdivision 17.~~

Sec. 18. Minnesota Statutes 2022, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **Total operating capital revenue.** (a) Total operating capital revenue for a district equals the ~~amount determined under paragraph (b) or (c), plus~~ sum of:

(1) \$79 times the adjusted pupil units for the school year;

(2) the product of \$109, the district's maintenance cost index, and its adjusted pupil units for the school year plus the amount computed under paragraph (c); and

(3) \$2 times the adjusted pupil units of the school district for the school year for the purposes of supplying menstrual products under subdivision 14, clause (26), and opiate antagonists under subdivision 14, clause (27).

(b) The revenue under this subdivision must be placed in a reserved account in the general fund and may only be used according to subdivision 14.

~~(b) Capital revenue for a district equals \$109 times the district's maintenance cost index times its adjusted pupil units for the school year.~~

(c) The revenue under paragraph (a), clause (2), for a district that operates a program under section 124D.128, is increased by an amount equal to \$31 times the number of adjusted pupil units served at the site where the program is implemented.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 19. Minnesota Statutes 2022, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to ~~298.298~~ 298.297;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related hardware, software, and annual licensing fees, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks as defined in section 123B.41, subdivision 2;

(21) to purchase new and replacement library media resources or technology;

(22) to lease or purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individualized education programs; and

(iii) other classroom information management needs;

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software; ~~and~~

(25) to pay the costs directly associated with closing a school facility, including moving and storage costs;

(26) to pay the costs of supplies and equipment necessary to provide access to menstrual products at no charge to students in restrooms and as otherwise needed in school facilities; and

(27) to pay the costs of the opiate antagonists required under section 121A.224.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 20. Minnesota Statutes 2022, section 126C.10, subdivision 18a, is amended to read:

Subd. 18a. **Pupil transportation adjustment.** (a) An independent, common, or special school district's transportation sparsity revenue under subdivision 18 is increased by the greater of zero or ~~18.2~~ 35 percent of the difference between:

(1) the lesser of the district's total cost for regular and excess pupil transportation under section 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous fiscal year or 105 percent of the district's total cost for the second previous fiscal year; and

(2) the sum of:

(i) 4.66 percent of the district's basic revenue for the previous fiscal year;

(ii) transportation sparsity revenue under subdivision 18 for the previous fiscal year;

(iii) the district's charter school transportation adjustment for the previous fiscal year; and

(iv) the district's reimbursement for transportation provided under section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi).

(b) A charter school's pupil transportation adjustment equals the school district per pupil adjustment under paragraph (a).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 21. Minnesota Statutes 2022, section 126C.12, is amended by adding a subdivision to read:

Subd. 7. **Reporting.** A school district must annually report the district's class size ratios by each grade to the commissioner of education in the form and manner specified by the commissioner. The department must annually submit a report beginning December 1, 2024, to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education detailing the statewide ratios by grade starting with the 2023-2024 school year.

Sec. 22. Minnesota Statutes 2022, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** (a) The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade.

(b) For fiscal years prior to fiscal year 2024, any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60 and to implement plans under section 120B.12, subdivision 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for English learners;

(9) all-day kindergarten;

(10) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

(11) extended school day and extended school year programs; and

(12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and

the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

(c) For fiscal year 2024 and later, a district's basic skills revenue must be used for:

(1) remedial instruction and necessary materials in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(2) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(3) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(4) programs to reduce truancy; provide counseling services, guidance services, and social work services; and provide coordination for pupils receiving services from other governmental agencies;

(5) bilingual programs, bicultural programs, and programs for English learners;

(6) early education programs, parent-training programs, early childhood special education, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

(7) transition programs operated by school districts for special education students until the age of 22;

(8) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian; and

(9) professional development for teachers on meeting the needs of English learners, using assessment tools and data to monitor student progress, and reducing the use of exclusionary discipline, and training for tutors and staff in extended day programs to enhance staff's knowledge in content areas.

Sec. 23. Minnesota Statutes 2022, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate at least 80 percent of its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) ~~Notwithstanding paragraph (a),~~ A district or cooperative may allocate ~~up to 50~~ no more than 20 percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent

for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 24. Minnesota Statutes 2022, section 126C.15, subdivision 5, is amended to read:

Subd. 5. **Annual expenditure report.** ~~Each year a district (a) By February 1 annually, the commissioner of education must report to the legislature the expenditures of each district that receives received basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners in the previous fiscal year under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose and provide a breakdown by functional area. Using valid and reliable data and measurement criteria, the report also must determine whether increased expenditures raised student achievement levels.~~

(b) A district must also report whether programs funded with compensatory revenue are consistent with best practices demonstrated to improve student achievement.

(c) The Department of Education and regional centers of excellence must identify and provide to schools best practices for implementing programs for each use of revenue specified in subdivision 1.

Sec. 25. Minnesota Statutes 2022, section 126C.17, is amended by adding a subdivision to read:

Subd. 9b. **Renewal by school board.** (a) Notwithstanding the election requirements of subdivision 9, a school board may renew an expiring referendum by board action if:

(1) the per pupil amount of the referendum is the same as the amount expiring, or for an expiring referendum that was adjusted annually by the rate of inflation, the same as the per-pupil amount of the expiring referendum, adjusted annually for inflation in the same manner as if the expiring referendum had continued;

(2) the term of the renewed referendum is no longer than the initial term approved by the voters;

(3) the school board, having taken a recorded vote, has adopted a written resolution authorizing the renewal after holding a meeting and allowing public testimony on the proposed renewal; and

(4) the expiring referendum has not been previously renewed under this subdivision.

(b) The resolution must be adopted by the school board by June 15 of any calendar year and becomes effective 60 days after its adoption.

(c) A referendum expires in the last fiscal year in which the referendum generates revenue for the school district. A school board may renew an expiring referendum under this subdivision not more than two fiscal years before the referendum expires.

(d) A district renewing an expiring referendum under this subdivision must submit a copy of the adopted resolution to the commissioner and to the county auditor no later than September 1 of the calendar year in which the written resolution is adopted.

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

Sec. 26. Minnesota Statutes 2022, section 126C.43, subdivision 2, is amended to read:

Subd. 2. **Payment to unemployment insurance program trust fund by state and political subdivisions.** (a) A district may levy the amount necessary (1) to pay the district's obligations under section 268.052, subdivision 1, and (2) to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.085 for the fiscal year the levy is certified.

(b) Districts with a balance remaining in their reserve for reemployment as of June 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each year a levy reduction must be made to return these funds to taxpayers. The amount of the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for reemployment, or (2) the amount of the district's current levy under paragraph (a).

(c) The amount in paragraph (a) must not include the amounts for hourly school employees during the period of the summer term.

Sec. 27. Minnesota Statutes 2022, section 127A.353, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** The governor shall select the school trust lands director on the basis of outstanding professional qualifications and knowledge of finance, business practices, minerals, forest and real estate management, and the fiduciary responsibilities of a trustee to the beneficiaries of a trust. The school trust lands director serves in the unclassified service for a term of four years. ~~The first term shall end on December 31, 2020.~~ The governor may remove the school trust lands director for cause. If a director resigns or is removed for cause, the governor shall appoint a director for the remainder of the term.

Sec. 28. Minnesota Statutes 2022, section 127A.353, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

(1) take an oath of office before assuming any duties as the director act in a fiduciary capacity for trust beneficiaries in accordance with the principles under section 127A.351;

(2) evaluate the school trust land asset position;

(3) determine the estimated current and potential market value of school trust lands;

~~(4) advise and provide recommendations to the governor, Executive Council, commissioner of natural resources, and the Legislative Permanent School Fund Commission on the management of school trust lands, including:~~ on school trust land management policies and other policies that may affect the goal of the permanent school fund under section 127A.31;

(5) advise and provide recommendations to the Executive Council and Land Exchange Board on all matters regarding school trust lands presented to either body;

(6) advise and provide recommendations to the commissioner of natural resources on managing school trust lands, including but not limited to advice and recommendations on:

(i) Department of Natural Resources school trust land management plans;

(ii) leases of school trust lands;

(iii) royalty agreements on school trust lands;

(iv) land sales and exchanges;

(v) cost certification; and

(vi) revenue generating options;

(7) serve as temporary trustee of school trust lands for school trust lands subject to proposed or active eminent domain proceedings;

(8) serve as temporary trustee of school trust lands pursuant to section 94.342, subdivision 5;

~~(5) propose~~ (9) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director that includes proposed legislative changes that will improve the asset allocation of the school trust lands;

~~(6)~~ (10) develop and implement a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years and implemented by the commissioner, with goals to:

(i) retain core real estate assets;

(ii) increase the value of the real estate assets and the cash flow from those assets;

(iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;

(iv) establish priorities for management actions;

(v) balance revenue enhancement and resource stewardship; and

(vi) advance strategies on school trust lands to capitalize on ecosystem services markets; and

~~(7) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director; and~~

~~(8)~~ (11) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.

(b) In carrying out the duties under paragraph (a), the school trust lands director ~~shall have the authority to~~ may:

(1) direct and control money appropriated to the director;

(2) establish job descriptions and employ ~~up to five employees in the unclassified service,~~ staff within the limitations of money appropriated to the director;

(3) enter into interdepartmental agreements with any other state agency;

(4) enter into joint powers agreements under chapter 471;

(5) evaluate and initiate real estate development projects on school trust lands in conjunction with the commissioner of natural resources and with the advice of the Legislative Permanent School Fund Commission ~~in order~~ to generate long-term economic return to the permanent school fund; and

~~(6) serve as temporary trustee of school trust land for school trust lands subject to proposed or active eminent domain proceedings; and~~

~~(7)~~ (6) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

Sec. 29. Minnesota Statutes 2022, section 128C.01, subdivision 4, is amended to read:

Subd. 4. **Board.** (a) The league must have a ~~20~~ 22-member governing board.

(1) The governor must appoint four members according to section 15.0597. Each of the four appointees must be a parent. At least one of them must be an American Indian, an Asian, a Black, or a Hispanic.

(2) The Minnesota Association of Secondary School Principals must appoint two of its members.

(3) The remaining ~~14~~ 16 members must be selected according to ~~league bylaws~~ the league's constitution.

(b) The terms, compensation, removal of members, and the filling of membership vacancies are governed by section 15.0575, except that the four-year terms begin on August 1 and end on July 31. As provided by section 15.0575, members who are full-time state employees or full-time employees of school districts or other political subdivisions of the state may not receive any per diem payment for service on the board.

Sec. 30. Minnesota Statutes 2022, section 268.085, subdivision 7, is amended to read:

Subd. 7. **School employees; between terms denial.** (a) Wage credits from employment with an educational institution or institutions may not be used for unemployment benefit purposes for any week during the period between two successive academic years or terms if:

(1) the applicant had employment for an educational institution or institutions in the prior academic year or term; and

(2) there is a reasonable assurance that the applicant will have employment for an educational institution or institutions in the following academic year or term.

~~This paragraph applies to a vacation period or holiday recess if the applicant was employed immediately before the vacation period or holiday recess, and there is a reasonable assurance that the applicant will be employed immediately following the vacation period or holiday recess. This paragraph also applies to the period between two regular but not successive terms if there is an agreement for that schedule between the applicant and the educational institution.~~

This paragraph does not apply if the subsequent employment is substantially less favorable than the employment of the prior academic year or term, or the employment prior to the vacation period or holiday recess.

~~(b) Paragraph (a) does not apply to an applicant who, at the end of the prior academic year or term, had an agreement for a definite period of employment between academic years or terms in other than an instructional, research, or principal administrative capacity and the educational institution or institutions failed to provide that employment. any week during the period between two successive academic years or terms if an applicant worked in a capacity other than instructional, research, or principal administrative capacity.~~

~~(c) If unemployment benefits are denied to any applicant under paragraph (a) who was employed in the prior academic year or term in other than an instructional, research, or principal administrative capacity and who was not offered an opportunity to perform the employment in the following academic year or term, the applicant is entitled to retroactive unemployment benefits for each week during the period between academic years or terms that the applicant filed a timely continued request for unemployment benefits, but unemployment benefits were denied solely because of paragraph (a). Paragraph (a) applies to a vacation period or holiday recess if the applicant was employed immediately before the vacation period or holiday recess, and there is a reasonable assurance that the applicant will be employed immediately following the vacation period or holiday recess, including applicants who worked in a capacity other than instructional, research, or principal administrative capacity.~~

(d) This subdivision applies to employment with an educational service agency if the applicant performed the services at an educational institution or institutions. "Educational service agency" means a governmental entity established and operated for the purpose of providing services to one or more educational institutions.

(e) This subdivision applies to employment with Minnesota, a political subdivision, or a nonprofit organization, if the services are provided to or on behalf of an educational institution or institutions.

(f) Paragraph (a) applies beginning the Sunday of the week that there is a reasonable assurance of employment.

(g) Employment and a reasonable assurance with multiple education institutions must be aggregated for purposes of application of this subdivision.

(h) If all of the applicant's employment with any educational institution or institutions during the prior academic year or term consisted of on-call employment, and the applicant has a reasonable assurance of any on-call employment with any educational institution or institutions for the following academic year or term, it is not considered substantially less favorable employment.

(i) A "reasonable assurance" may be written, oral, implied, or established by custom or practice.

(j) An "educational institution" is a school, college, university, or other educational entity operated by Minnesota, a political subdivision or instrumentality thereof, or a nonprofit organization.

(k) An "instructional, research, or principal administrative capacity" does not include an educational assistant.

**EFFECTIVE DATE.** This section is effective May 28, 2023.

Sec. 31. Minnesota Statutes 2022, section 290.0679, subdivision 2, is amended to read:

Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of an anticipated refund for the current and future taxable years to a financial institution or a qualifying organization. A financial institution or qualifying organization accepting assignment must pay the amount secured by the assignment to a third-party vendor. The commissioner of education shall, upon request from a third-party vendor, certify that the vendor's products and services qualify for the education credit. A denial of a certification is subject to the contested case procedure under may be appealed to the commissioner pursuant to this subdivision and notwithstanding chapter 14. A financial institution or qualifying organization that accepts assignments under this section must verify as part of the assignment documentation that the product or service to be provided by the third-party vendor has been certified by the commissioner of education as qualifying for the education credit. The amount assigned for the current and future taxable years may not exceed the maximum allowable education credit for the current taxable year. Both the taxpayer and spouse must consent to the assignment of a refund from a joint return.

Sec. 32. **FUND TRANSFER; BURNSVILLE-EAGAN-SAVAGE SCHOOL DISTRICT.**

(a) Notwithstanding Minnesota Statutes, section 123B.51, subdivision 4, paragraph (b), or any law to the contrary, any remaining net proceeds received by the district in connection with a lease of real property that is not needed for school purposes, or part of the property that is not needed for school purposes as permitted under Minnesota Statutes, section 123B.51, subdivision 4, paragraph (a), and which the school board of Independent School District No. 191, Burnsville-Eagan-Savage, specifically identified in the district's open facilities action plan, may be deposited in the district's general unrestricted fund following the deposit of such proceeds, as required under Minnesota Statutes, section 123B.51, subdivision 4, paragraph (b).

(b) Notwithstanding Minnesota Statutes, section 123B.51, subdivision 6, paragraphs (c) to (f), or any law to the contrary, any remaining proceeds of the sale or exchange of school buildings or real property of Independent School District No. 191, Burnsville-Eagan-Savage, specifically identified in the district's open facilities action plan may be deposited in the district's general unrestricted fund

following application of such proceeds, as required under Minnesota Statutes, section 123B.51, subdivision 6, paragraph (b).

**EFFECTIVE DATE.** This section is effective upon compliance by Independent School District No. 191, Burnsville-Eagan-Savage, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 33. **UNEMPLOYMENT INSURANCE REPORT.**

By January 15 of each year, the Department of Education, in consultation with the Department of Employment and Economic Development, must report to the legislative committees with jurisdiction over education the balances in unemployment insurance aid accounts and information about the annual changes in reimbursable costs for school workers receiving unemployment insurance benefits. To the extent possible, the report must break out the costs by district and major job classes. The report must be filed according to Minnesota Statutes, section 3.195.

Sec. 34. **REPLACING PAPER FORMS.**

By January 15, 2024, the Department of Education must report to the legislative committees with jurisdiction over kindergarten through grade 12 education whether free and reduced-price meals information obtained through parents submitting paper eligibility forms may be eliminated for compensatory revenue, all school nutritional programs, Title 1 funding, e-rate funding, and any other federal or state programs that require the determination of family income for eligibility.

Sec. 35. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this act is enacted more than once during the 2023 regular session, the appropriation or transfer must be given effect once.

Sec. 36. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** (a) For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	<u>8,093,493,000</u>	.....	<u>2024</u>
\$	<u>8,229,982,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$707,254,000 for 2023 and \$7,386,239,000 for 2024.

(c) The 2025 appropriation includes \$771,521,000 for 2024 and \$7,458,461,000 for 2025.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	<u>18,000</u>	.....	<u>2024</u>
\$	<u>19,000</u>	.....	<u>2025</u>

Subd. 4. **Abatement aid.** (a) For abatement aid under Minnesota Statutes, section 127A.49:

\$	<u>2,339,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>2,665,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$126,000 for 2023 and \$2,213,000 for 2024.(c) The 2025 appropriation includes \$245,000 for 2024 and \$2,420,000 for 2025.Subd. 5. **Consolidation transition aid.** (a) For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<u>187,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>290,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$7,000 for 2023 and \$180,000 for 2024.(c) The 2025 appropriation includes \$20,000 for 2024 and \$270,000 for 2025.Subd. 6. **Nonpublic pupil education aid.** (a) For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<u>22,354,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>23,902,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$1,925,000 for 2023 and \$20,429,000 for 2024.(c) The 2025 appropriation includes \$2,269,000 for 2024 and \$21,633,000 for 2025.Subd. 7. **Nonpublic pupil transportation.** (a) For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<u>22,248,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>23,624,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$2,115,000 for 2023 and \$20,133,000 for 2024.(c) The 2025 appropriation includes \$2,237,000 for 2024 and \$21,387,000 for 2025.Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$	<u>65,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>65,000</u>	<u>.....</u>	<u>2025</u>

Subd. 9. **Career and technical aid.** (a) For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	<u>1,512,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>761,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$183,000 for 2023 and \$1,329,000 for 2024.

(c) The 2025 appropriation includes \$147,000 for 2024 and \$614,000 for 2025.

Subd. 10. **Pregnant and parenting pupil transportation reimbursement.** (a) To reimburse districts for transporting pregnant or parenting pupils under Minnesota Statutes, section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi):

\$	<u>55,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>55,000</u>	<u>.....</u>	<u>2025</u>

(b) To receive reimbursement, districts must apply using the form and manner of application prescribed by the commissioner. If the appropriation is insufficient, the commissioner must prorate the amount paid to districts seeking reimbursement.

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

Subd. 11. **Career and technical education consortium.** (a) To the Minnesota Service Cooperatives for career and technical education consortium grants under Minnesota Statutes, section 124D.4536:

\$	<u>5,000,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>5,000,000</u>	<u>.....</u>	<u>2025</u>

(b) If the appropriation in the first year is insufficient, the 2025 appropriation is available.

(c) Up to three percent of the appropriation is available for grant administration.

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

Subd. 12. **Career and technical program expansion; aeronautics pilot program.** (a) For Independent School District No. 482, Little Falls, for an aeronautics and commercial over-the-road technical program:

\$	<u>450,000</u>	<u>.....</u>	<u>2024</u>
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(b) The funds must be used to help support the district's aeronautics and commercial over-the-road technical pilot program. The funds may be used for equipment, staffing costs, travel costs, and contracted services.

(c) By February 1, 2027, the district must report to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education on the activities funded by this appropriation. The report must include but is not limited to information about program participation and demographic information about the students served in the program, a description of the type of activities offered by each program during the year, partnerships with higher education and private providers of aeronautic and commercial over-the-road services, and recommendations for state actions that could improve aeronautics and commercial over-the-road programming for all school districts.

(d) This appropriation is available until June 30, 2026. This is a onetime appropriation.

Subd. 13. **Emergency medical training.** (a) For grants to offer high school students courses in emergency medical services:

<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2025</u>

(b) A school district, charter school, or cooperative unit under Minnesota Statutes, section 123A.24, subdivision 2, may apply for a grant under this section to offer enrolled students emergency medical services courses approved by the Minnesota Emergency Medical Services Regulatory Board to prepare students to take the emergency medical technician certification test, including an emergency medical services course that is a prerequisite to an emergency medical technician course.

(c) A grant recipient may use grant funds to partner with a district, charter school, cooperative unit, postsecondary institution, political subdivision, or entity with expertise in emergency medical services, including health systems, hospitals, ambulance services, and health care providers to offer an emergency medical services course.

(d) Eligible uses of grant funds include teacher salaries, transportation, equipment costs, emergency medical technician certification test fees, and student background checks.

(e) To the extent practicable, the commissioner must award half of the grant funds to applicants outside of the seven-county metropolitan area, and 30 percent of the grant funds to applicants with high concentrations of students of color.

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

Subd. 14. **Area learning center transportation aid.** (a) For area learning center transportation aid under Minnesota Statutes, section 123B.92, subdivision 11:

<u>\$</u>	<u>1,000,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>1,000,000</u>	<u>.....</u>	<u>2025</u>

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

(c) This aid is 100 percent payable in the current year.

Subd. 15. **English learner cross subsidy aid; four-year program.** (a) For English learner cross subsidy under Laws 2021, First Special Session chapter 13, article 1, section 9:

<u>\$</u>	<u>2,000,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>2,000,000</u>	<u>.....</u>	<u>2025</u>

(b) The base for this program in fiscal year 2026 and later is \$0.

Subd. 16. **Unemployment aid for hourly workers over the summer term.** (a) For unemployment aid under Minnesota Statutes, section 124D.995:

<u>\$</u>	<u>135,000,000</u>	<u>.....</u>	<u>2024</u>
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(b) This appropriation is subject to the requirements under Minnesota Statutes, section 124D.995.

(c) This is a onetime appropriation.

Sec. 37. **REPEALER.**

(a) Minnesota Statutes 2022, section 126C.05, subdivisions 3 and 16, are repealed.

(b) Minnesota Statutes 2022, section 268.085, subdivision 8, is repealed.

(c) Laws 2023, chapter 18, section 4, subdivision 5, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective for revenue for fiscal year 2026. Paragraph (b) is effective May 28, 2023. Paragraph (c) is effective the day following final enactment.

## ARTICLE 2

### EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2022, section 120A.22, subdivision 10, is amended to read:

Subd. 10. **Requirements for instructors.** A person who is providing instruction to a child must meet at least one of the following requirements:

(1) hold a valid Minnesota teaching license in the field and for the grade level taught;

(2) be directly supervised by a person holding a valid Minnesota teaching license;

~~(3) successfully complete a teacher competency examination;~~

~~(4)~~ (3) provide instruction in a school that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner;

~~(5)~~ (4) hold a baccalaureate degree; or

~~(6)~~ (5) be the parent of a child who is assessed according to the procedures in subdivision 11.

Any person providing instruction in a public school must meet the requirements of clause (1).

Sec. 2. Minnesota Statutes 2022, section 120A.414, is amended by adding a subdivision to read:

Subd. 6. **Other school personnel.** A school district or charter school that declares an e-learning day must continue to pay the full wages for scheduled work hours and benefits of all school employees for the duration of the e-learning period. During the e-learning period, school employees must be allowed to work from home to the extent practicable, be assigned to work in an alternative location, or be retained on an on-call basis for any potential need.

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

Sec. 3. Minnesota Statutes 2022, section 120B.018, subdivision 6, is amended to read:

Subd. 6. **Required standard.** "Required standard" means (1) a statewide adopted expectation for student learning in the content areas of language arts, mathematics, science, social studies, physical education, and the arts, ~~or~~ and (2) a locally adopted expectation for student learning in health ~~or the arts~~.

Sec. 4. Minnesota Statutes 2022, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

(2) mathematics, encompassing algebra II, integrated mathematics III, or an equivalent in high school, and to be prepared for the three credits of mathematics in grades 9 through 12, the grade 8 standards include completion of algebra;

(3) science, including earth and space science, life science, and the physical sciences, including chemistry and physics;

(4) social studies, including history, geography, economics, and government and citizenship that includes civics ~~consistent with section 120B.02, subdivision 3;~~

(5) physical education;

(6) health, for which locally developed academic standards apply; and

(7) ~~the arts, for which statewide or locally developed academic standards apply, as determined by the school district.~~ Public elementary and middle schools must offer at least three and require at least two of the following ~~four~~ five arts areas: dance; media arts; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) ~~The department must adopt the most recent SHAPE America (Society of Health and Physical Educators) kindergarten through grade 12 standards and benchmarks for physical education as the required physical education academic standards.~~ The department may modify SHAPE America (Society of Health and Physical Educators) standards and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments, which school districts may use as an alternative to local assessments, to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(d) A school district may include child sexual abuse prevention instruction in a health curriculum, consistent with paragraph (a), clause (6). Child sexual abuse prevention instruction may include age-appropriate instruction on recognizing sexual abuse and assault, boundary violations, and ways offenders groom or desensitize victims, as well as strategies to promote disclosure, reduce self-blame, and mobilize bystanders. A school district may provide instruction under this paragraph in a variety of ways, including at an annual assembly or classroom presentation. A school district may also provide parents information on the warning signs of child sexual abuse and available resources.

(e) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

Sec. 5. Minnesota Statutes 2022, section 120B.021, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. ~~After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization.~~

Sec. 6. Minnesota Statutes 2022, section 120B.022, subdivision 1, is amended to read:

Subdivision 1. **Elective standards.** A district must establish and regularly review its own standards ~~in~~ for career and technical education (CTE) programs. Standards must align with CTE frameworks developed by the Department of Education, standards developed by national CTE organizations, or recognized industry standards. A district must use the current world languages standards developed by the American Council on the Teaching of Foreign Languages. A school district must offer courses in all elective subject areas.

Sec. 7. Minnesota Statutes 2022, section 120B.024, subdivision 1, is amended to read:

Subdivision 1. **Graduation requirements.** (a) Students ~~beginning 9th grade in the 2011-2012 school year and later~~ must successfully complete the following high school level credits for graduation:

(1) four credits of language arts sufficient to satisfy all of the academic standards in English language arts;

(2) three credits of mathematics, ~~including an algebra II credit or its equivalent,~~ sufficient to satisfy all of the academic standards in mathematics;

~~(3) an algebra I credit by the end of 8th grade sufficient to satisfy all of the 8th grade standards in mathematics;~~

~~(4) (3) three credits of science, including at least one credit of biology, one credit of chemistry or physics, and one elective credit of science. The combination of credits under this clause must be sufficient to satisfy (i) all of the academic standards in either chemistry or physics and (ii) all other academic standards in science; one credit to satisfy all the earth and space science standards for grades 9 through 12, one credit to satisfy all the life science standards for grades 9 through 12, and one credit to satisfy all the chemistry or physics standards for grades 9 through 12;~~

~~(5) (4) three and one-half credits of social studies, including credit for a course in government and citizenship in either grade 11 or 12 for students beginning grade 9 in the 2024-2025 school year and later or an advanced placement, international baccalaureate, or other rigorous course on government and citizenship under section 120B.021, subdivision 1a, and a combination of other credits encompassing at least United States history, geography, government and citizenship, world history, and economics sufficient to satisfy all of the academic standards in social studies;~~

~~(6)~~ (5) one credit of the arts sufficient to satisfy all of the ~~state or local~~ academic standards in the arts; ~~and~~

~~(7)~~ (6) credits sufficient to satisfy the state standards in physical education; and

(7) a minimum of seven elective credits.

~~(b) A school district is encouraged to offer a course for credit in government and citizenship to 11th or 12th grade students who begin 9th grade in the 2020-2021 school year and later, that satisfies the government and citizenship requirement in paragraph (a), clause (5). Students who begin grade 9 in the 2024-2025 school year and later must successfully complete a course for credit in personal finance in grade 10, 11, or 12. A teacher of a personal finance course that satisfies the graduation requirement must have a field license or out-of-field permission in agricultural education, business, family and consumer science, social studies, or math.~~

**EFFECTIVE DATE.** This section is effective for the 2024-2025 school year and later.

Sec. 8. Minnesota Statutes 2022, section 120B.024, subdivision 2, is amended to read:

Subd. 2. **Credit equivalencies.** (a) A one-half credit of economics taught in a school's ~~agriculture~~ agricultural, food, and natural resources education or business education program or department may fulfill a one-half credit in social studies under subdivision 1, clause (5), if the credit is sufficient to satisfy all of the academic standards in economics.

(b) An agriculture science or career and technical education credit may fulfill the elective science credit required under subdivision 1, clause (4), if the credit meets the state physical science, life science, earth and space science, chemistry, or physics academic standards or a combination of these academic standards as approved by the district. An agriculture or career and technical education credit may fulfill the credit in chemistry or physics required under subdivision 1, clause (4), if the credit meets the state chemistry or physics academic standards as approved by the district. A student must satisfy either all of the chemistry academic standards or all of the physics academic standards prior to graduation. An agriculture science or career and technical education credit may not fulfill the required biology credit under subdivision 1, clause (4).

(c) A career and technical education credit may fulfill a mathematics or arts credit requirement under subdivision 1, clause (2) or (6).

(d) An ~~agriculture~~ agricultural, food, and natural resources education teacher is not required to meet the requirements of Minnesota Rules, part 3505.1150, subpart ~~1~~ 2, item B, to meet the credit equivalency requirements of paragraph (b) above.

(e) A computer science credit may fulfill a mathematics credit requirement under subdivision 1, clause (2), if the credit meets state academic standards in mathematics.

(f) A Project Lead the Way credit may fulfill a science or mathematics credit requirement under subdivision 1, clause (2) or (4), if the credit meets the state academic standards in science or mathematics.

(g) An ethnic studies course may fulfill a social studies, language arts, arts, math, or science credit if the course meets the applicable state academic standards. An ethnic studies course may fulfill an elective credit if the course meets applicable local standards or other requirements.

Sec. 9. Minnesota Statutes 2022, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enable a student to meet state and district academic standards and graduation requirements including applied and experiential learning.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge and skills and career and college readiness.

(c) "World's best workforce" means striving to: meet school readiness goals; ~~have all third-grade students achieve grade-level literacy;~~ close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

(d) "Experiential learning" means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

(e) "Ethnic studies" as defined in section 120B.25 has the same meaning for purposes of this section. Ethnic studies curriculum may be integrated in existing curricular opportunities or provided through additional curricular offerings.

(f) "Antiracist" means actively working to identify and eliminate racism in all forms in order to change policies, behaviors, and beliefs that perpetuate racist ideas and actions.

(g) "Culturally sustaining" means integrating content and practices that infuse the culture and language of Black, Indigenous, and People of Color communities who have been and continue to be harmed and erased through the education system.

(h) "Institutional racism" means structures, policies, and practices within and across institutions that produce outcomes that disadvantage those who are Black, Indigenous, and People of Color.

Sec. 10. Minnesota Statutes 2022, section 120B.11, subdivision 2, is amended to read:

Subd. 2. **Adopting plans and budgets.** (a) A school board, at a public meeting, ~~shall~~ must adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world's best workforce and includes:

(1) clearly defined district and school site goals and benchmarks for instruction and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

(2) a process to assess and evaluate each student's progress toward meeting state and local academic standards, assess and identify students to participate in gifted and talented programs and accelerate their instruction, and adopt early-admission procedures consistent with section 120B.15, and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;

(3) a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, students' access to effective teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under section 120B.35, subdivision 3, paragraph (b), clause (2), and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) strategies for improving instruction, curriculum, and student achievement, including the English and, where practicable, the native language development and the academic achievement of English learners;

(5) a process to examine the equitable distribution of teachers and strategies to ensure children in low-income and minority children families, children in families of People of Color, and children in American Indian families are not taught at higher rates than other children by inexperienced, ineffective, or out-of-field teachers;

(6) education effectiveness practices that:

(i) integrate high-quality instruction, rigorous curriculum, technology, and curriculum that is rigorous, accurate, antiracist, and culturally sustaining;

(ii) ensure learning and work environments validate, affirm, embrace, and integrate cultural and community strengths for all students, families, and employees; and

(iii) provide a collaborative professional culture that ~~develops and supports~~ seeks to retain qualified, racially and ethnically diverse staff effective at working with diverse students while developing and supporting teacher quality, performance, and effectiveness; and

(7) an annual budget for continuing to implement the district plan; and

(8) identifying a list of suggested and required materials, resources, sample curricula, and pedagogical skills for use in kindergarten through grade 12 that accurately reflect the diversity of the state of Minnesota.

(b) A school district is not required to include information regarding literacy in a plan or report required under this section, except with regard to the academic achievement of English learners.

**EFFECTIVE DATE.** This section is effective for all strategic plans reviewed and updated after June 30, 2024.

Sec. 11. Minnesota Statutes 2022, section 120B.11, subdivision 3, is amended to read:

Subd. 3. **District advisory committee.** Each school board ~~shall~~ must establish an advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards, consistent with subdivision 2. A district advisory committee, to the extent possible, ~~shall~~ must reflect the diversity of the district and its school sites, include teachers, parents, support staff, students, and other community residents, and provide translation to the extent appropriate and practicable. The district advisory committee ~~shall~~ must pursue community support to accelerate the academic and native literacy and achievement of English learners with varied needs, from young children to adults, consistent with section 124D.59, subdivisions 2 and 2a. The district may establish site teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee ~~shall~~ must recommend to the school board: rigorous academic standards; student achievement goals and measures consistent with subdivision 1a and sections 120B.022, subdivisions 1a and 1b, and 120B.35; district assessments; means to improve students' equitable access to effective and more diverse teachers; strategies to ensure the curriculum is rigorous, accurate, antiracist, culturally sustaining, and reflects the diversity of the student population; strategies to ensure that curriculum and learning and work environments validate, affirm, embrace, and integrate the cultural and community strengths of all racial and ethnic groups; and program evaluations. School sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents ~~shall~~ must comprise at least two-thirds of advisory committee members.

Sec. 12. Minnesota Statutes 2022, section 120B.15, is amended to read:

**120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS AND SERVICES.**

(a) School districts may identify students, locally develop programs and services addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs and services.

(b) School districts must adopt guidelines for assessing and identifying students for participation in gifted and talented programs and services consistent with section 120B.11, subdivision 2, clause (2). The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research. Assessments and procedures should be sensitive to underrepresented groups, including, but not limited to, low-income, minority, twice-exceptional, and English learners.

(c) School districts must adopt procedures for the academic acceleration of gifted and talented students consistent with section 120B.11, subdivision 2, clause (2). These procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

(d) School districts must adopt procedures consistent with section 124D.02, subdivision 1, for early admission to kindergarten or first grade of gifted and talented learners consistent with section 120B.11, subdivision 2, clause (2). The procedures must be sensitive to underrepresented groups.

Sec. 13. **[120B.25] ETHNIC STUDIES.**

"Ethnic studies" means the interdisciplinary study of race, ethnicity, and indigeneity with a focus on the experiences and perspectives of people of color within and beyond the United States. Ethnic studies analyzes the ways in which race and racism have been and continue to be social, cultural, and political forces, and the connection of race to the stratification of other groups, including stratification based on the protected classes under section 363A.13.

Sec. 14. **[120B.251] ETHNIC STUDIES REQUIREMENTS.**

Subdivision 1. **Definition.** "Ethnic studies" has the meaning provided in section 120B.25.

Subd. 2. **Requirements.** (a) Starting in the 2026-2027 school year, a district or charter school high school must offer an ethnic studies course that fulfills the requirements of this paragraph. Nothing in this section increases or otherwise affects the number of credits required for graduation under section 120B.024. An ethnic studies course may fulfill a social studies, language arts, arts, math, or science credit if the course meets the applicable state academic standards. An ethnic studies course may fulfill an elective credit if the course meets applicable local academic standards or other requirements.

(b) School districts and charter schools must provide ethnic studies instruction in elementary schools and middle schools by the 2027-2028 school year in accordance with state academic standards.

(c) Ethnic studies instruction must meet statewide ethnic studies academic standards.

(d) An ethnic studies course may focus specifically on a particular group of national or ethnic origin.

Subd. 3. **Department of Education.** The Department of Education must hire dedicated ethnic studies staff sufficient to fulfill the following department duties:

(1) support school district and charter school implementation of ethnic studies courses that fulfill ethnic studies standards through activities such as assistance with increased completion of the Minnesota Common Course Catalog, hosting an annual implementation support symposium, and regular updates and lessons learned;

(2) support school districts and charter schools in providing training for teachers and school district staff to successfully implement ethnic studies standards;

(3) support and provide tools for each school district or charter school to annually evaluate the implementation of the ethnic studies requirements by seeking feedback from students, parents or guardians, and community members;

(4) provide resources and examples of how a dedicated coordinator for ethnic studies can facilitate higher quality implementation of ethnic studies; and

(5) make available to school districts and charter schools the following:

(i) an ethnic studies school survey for each school district and charter school to use as part of a school needs assessment;

(ii) a list of recommended examples of implementation supports for use in kindergarten through grade 12 that accurately reflect the diversity of the state of Minnesota;

(iii) training materials for teachers and district and school staff, including an ethnic studies coordinator, to implement ethnic studies requirements; and

(iv) other resources to assist districts and charter schools in successfully implementing ethnic studies standards.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 15. **[120B.252] HOLOCAUST, GENOCIDE OF INDIGENOUS PEOPLES, AND OTHER GENOCIDE EDUCATION.**

Subdivision 1. **Definitions.** (a) "Holocaust and genocide studies" means interdisciplinary teaching and learning about the causes, impacts, and legacies of the Holocaust, other genocides, and incidents of mass violence.

(b) "Holocaust" means the systematic, state-sponsored persecution and murder of 6,000,000 Jews by the Nazi regime and its allies and collaborators.

(c) "Genocide" means an internationally recognized crime where acts are committed with the intent to destroy, in whole or in part, a national, ethnic, racial, or religious group. Acts of genocide, as defined by the United Nations and the Rome Statute, include the following categories:

(1) killing members of the group;

(2) causing serious bodily or mental harm to members of the group;

(3) deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;

(4) imposing measures intended to prevent births within the group; or

(5) forcibly transferring children of the group to another group.

Genocide also means a series of purposeful actions by a perpetrator or perpetrators to destroy a collectivity through mass or selective murders of group members and suppressing the biological and social reproduction of the collectivity. The perpetrator or perpetrators may represent the state of the victim, another state, or another collectivity.

(d) "Incidents of mass violence" means extreme violence deliberately inflicted on a large scale on civilians or noncombatants by state or nonstate actors. Incidents of mass violence encompass the international crimes of genocide, crimes against humanity, war crimes, and terrorism.

(e) "Center for Holocaust and Genocide Studies" means the Center for Holocaust and Genocide Studies at the University of Minnesota.

Subd. 2. **Requirements.** (a) A school district must, at a minimum, offer as part of its social studies curriculum for middle and high school education on the Holocaust, genocide of Indigenous Peoples, and other genocides. Curriculum must:

(1) examine the history of the genocide of Indigenous Peoples and Indigenous removal from Minnesota, including the genocide, dispossession, and forced removal of the Dakota, Ojibwe, and Ho-Chunk;

(2) analyze the connections between World War II, nationalism, fascism, antisemitism, and the Holocaust;

(3) analyze how individuals, groups, and societies around the world have been affected by genocide and mass violence, especially those experienced by communities expelled from, resettled in, migrated to, or living in Minnesota; and

(4) describe and evaluate different responses to genocides and other human rights violations.

(b) Public schools are strongly encouraged to include in middle and high school social studies curriculum context about the history, culture, and traditions of the communities devastated by the Holocaust, genocide of Indigenous Peoples, other genocides, and incidents of mass violence.

(c) School districts are strongly encouraged to include the Holocaust, genocide of Indigenous Peoples, other genocides, and incidents of mass violence in middle and high school English language arts curriculum.

(d) A school district must provide Holocaust and genocide education as part of its curriculum in middle and high school by the 2026-2027 school year in accordance with Department of Education rulemaking on social studies standards and benchmarks.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 16. Minnesota Statutes 2022, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, must include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner must establish a testing period as late as possible each

school year during which schools must administer the Minnesota Comprehensive Assessments to students. The commissioner must publish the testing schedule at least two years before the beginning of the testing period.

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) achievement and career and college readiness in mathematics, reading, and writing, consistent with paragraph (k) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(2) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

(d) Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion.

A student under paragraph (c), clause (1), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready

for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. To the extent state funding for college entrance exam fees is available, a district must pay the cost, one time, for an interested student in grade 11 or 12 who is eligible for a free or reduced-price meal, to take a nationally recognized college entrance exam before graduating. A student must be able to take the exam under this paragraph at the student's high school during the school day and at any one of the multiple exam administrations available to students in the district. A district may administer the ACT or SAT or both the ACT and SAT to comply with this paragraph. If the district administers only one of these two tests and a free or reduced-price meal eligible student opts not to take that test and chooses instead to take the other of the two tests, the student may take the other test at a different time or location and remains eligible for the examination fee reimbursement. Notwithstanding sections 123B.34 to 123B.39, a school district may require a student that is not eligible for a free or reduced-price meal to pay the cost of taking a nationally recognized college entrance exam. The district must waive the cost for a student unable to pay.

(f) The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students and English learners to provide the students with diagnostic information about any targeted interventions, accommodations, modifications, and supports they need so that assessments and other performance measures are accessible to them and they may seek postsecondary education or employment without need for postsecondary remediation. When administering formative or summative assessments used to measure the academic progress, including the oral academic development, of English learners and inform their instruction, schools must ensure that the assessments are accessible to the students and students have the modifications and supports they need to sufficiently understand the assessments.

(g) Districts and schools, on an annual basis, must use career exploration elements to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(h) A student who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on high school assessments under subdivision 1a is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(i) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(j) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(k) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(l) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(m) The 3rd through 8th grade computer-adaptive assessment results and high school test results must be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner, in consultation with the chancellor of the Minnesota State Colleges and Universities, must establish empirically derived benchmarks on the high school tests that reveal a trajectory toward career and college readiness consistent with section 136F.302, subdivision 1a. The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

(n) The grades 3 through 8 computer-adaptive assessments and high school tests must be aligned with state academic standards. The commissioner must determine the testing process and the order of administration. The statewide results must be aggregated at the site and district level, consistent with subdivision 1a.

(o) The commissioner must include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 8 and testing at the high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including ~~average daily attendance~~ consistent attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the ~~American College Test~~ ACT test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(p) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

(q) For purposes of statewide accountability, "cultural competence," "cultural competency," or "culturally competent" means the ability of families and educators to interact effectively with people of different cultures, native languages, and socioeconomic backgrounds.

Sec. 17. Minnesota Statutes 2022, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** ~~(a) For purposes of this section, the following definitions have the meanings given them:~~

~~(1) "Computer-adaptive assessments" means fully adaptive assessments.~~

~~(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.~~

~~(3) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.~~

~~(4) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.~~

~~(5) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.~~

~~(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 8.~~

~~(e)~~ (a) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through 8, state-developed high school reading and mathematics tests aligned with state academic standards, a high school writing test aligned with state standards when it becomes available, and science assessments under clause (2) that districts and sites must use to

monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 8, and high school reading, writing, and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

~~(a)~~ (b) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment except in a year when an assessment reflects new performance standards;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

~~(b)~~ (c) The commissioner must ensure that all state tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

~~(c)~~ (d) Reporting of state assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a growth indicator of student achievement; and

(3) determine whether students have met the state's academic standards.

~~(d)~~ (e) Consistent with applicable federal law, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

~~(e)~~ (f) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress toward career and college readiness in the context of the state's academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to

determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 18. Minnesota Statutes 2022, section 120B.301, is amended to read:

**120B.301 LIMITS ON LOCAL TESTING.**

(a) For students in grades 1 through 6, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed ten hours per school year. For students in grades 7 through 12, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed 11 hours per school year. For purposes of this paragraph, international baccalaureate and advanced placement exams are not considered locally adopted assessments.

(b) A district or charter school is exempt from the requirements of paragraph (a), if the district or charter school, in consultation with the exclusive representative of the teachers or other teachers if there is no exclusive representative of the teachers, decides to exceed a time limit in paragraph (a) and includes the information in the report required under section 120B.11, subdivision 5.

(c) A district or charter school, ~~before the first day of each school year,~~ must publish on its website a comprehensive calendar of standardized tests to be administered in the district or charter school during that school year. The calendar must provide the rationale for administering each assessment and indicate whether the assessment is a local option or required by state or federal law. The calendar must be published at least one week prior to any eligible assessments being administered but no later than October 1.

Sec. 19. Minnesota Statutes 2022, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target measures; other state measures.** (a)(1) The state's educational assessment system measuring individual students' educational growth is based on indicators of current achievement growth that show growth relative to an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(2) For purposes of paragraphs (b), (c), and (d), the commissioner must analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to "other" for each race and ethnicity, and the Karen community, seven of the most populous Asian and Pacific Islander groups, three of the most populous Native groups, seven of the most populous Hispanic/Latino groups, and five of the most populous Black and African Heritage groups as determined by the total Minnesota population based on the most recent American Community Survey; English learners under section 124D.59; home language; free or reduced-price lunch; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a an appropriate growth model that compares the difference in students' achievement scores over time, and includes criteria for identifying schools and school districts that demonstrate academic progress or progress toward English language proficiency. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school, consistent with the student categories identified under paragraph (a), clause (2). The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers.

The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

- (1) the four- and six-year graduation rates of students under this paragraph;
- (2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and
- (3) the success that learning year program providers experience in:
  - (i) identifying at-risk and off-track student populations by grade;
  - (ii) providing successful prevention and intervention strategies for at-risk students;
  - (iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and
  - (iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

(g) When reporting four- and six-year graduation rates, the commissioner or school district must disaggregate the data by student categories according to paragraph (a), clause (2).

(h) A school district must inform parents and guardians that volunteering information on student categories not required by the most recent reauthorization of the Elementary and Secondary Education Act is optional and will not violate the privacy of students or their families, parents, or guardians. The notice must state the purpose for collecting the student data.

Sec. 20. Minnesota Statutes 2022, section 120B.36, subdivision 2, is amended to read:

Subd. 2. **Student progress and other data.** (a) All data the department receives, collects, or creates under section 120B.11, governing the world's best workforce, or uses to determine federal

expectations under the most recently reauthorized Elementary and Secondary Education Act, ~~set state growth targets,~~ and determine student growth, learning, and outcomes under section 120B.35 are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data.

(b) Districts must provide parents sufficiently detailed summary data to permit parents to appeal under the most recently reauthorized federal Elementary and Secondary Education Act. The commissioner shall annually post federal expectations and state student growth, learning, and outcome data to the department's public website no later than September 1, except that in years when data or federal expectations reflect new performance standards, the commissioner shall post data on federal expectations and state student growth data no later than October 1.

Sec. 21. Minnesota Statutes 2022, section 121A.031, subdivision 6, is amended to read:

Subd. 6. **State model policy.** (a) The commissioner, in consultation with the commissioner of human rights, shall develop and maintain a state model policy. A district or school that does not adopt and implement a local policy under subdivisions 3 to 5 must implement and may supplement the provisions of the state model policy. The commissioner must assist districts and schools under this subdivision to implement the state policy. The state model policy must:

(1) define prohibited conduct, consistent with this section;

(2) apply the prohibited conduct policy components in this section;

(3) for a child with a disability, whenever an evaluation by an individualized education program team or a section 504 team indicates that the child's disability affects the child's social skills development or the child is vulnerable to prohibited conduct because of the child's disability, the child's individualized education program or section 504 plan may address the skills and proficiencies the child needs to not engage in and respond to such conduct; and

(4) encourage violence prevention and character development education programs under section 120B.232, subdivision 1.

(b) The commissioner shall develop and post departmental procedures for:

(1) periodically reviewing district and school programs and policies for compliance with this section;

(2) investigating, reporting, and responding to noncompliance with this section, which may include an annual review of plans to improve and provide a safe and supportive school climate; and

(3) allowing students, parents, and educators to file a complaint about noncompliance with the commissioner.

(c) The commissioner must post on the department's website information indicating that when districts and schools allow non-curriculum-related student groups access to school facilities, the district or school must give all student groups equal access to the school facilities regardless of the content of the group members' speech.

(d) The commissioner must develop and maintain resources to assist a district or school in implementing strategies for creating a positive school climate and use evidence-based, social-emotional learning to prevent and reduce discrimination and other improper conduct.

Sec. 22. [121A.0312] MALICIOUS AND SADISTIC CONDUCT.

(a) For purposes of this section, "malicious and sadistic conduct" means creating a hostile learning environment by acting with the intent to cause harm by intentionally injuring another without just cause or reason or engaging in extreme or excessive cruelty or delighting in cruelty.

(b) A school board of a district or charter school must adopt a written policy to address malicious and sadistic conduct and sexual exploitation by a district or school staff member, independent contractor, or student enrolled in a public school against a staff member, independent contractor, or student that occurs as described in section 121A.031, subdivision 1, paragraph (a). The policy must prohibit:

(1) malicious and sadistic conduct involving race, color, creed, national origin, sex, age, marital status, status with regard to public assistance, disability, religion, sexual harassment, and sexual orientation and gender identity, as defined in chapter 363A; and

(2) sexual exploitation.

(c) The policy must apply to students, independent contractors, teachers, administrators, and other school personnel; must include at a minimum the components under section 121A.031, subdivision 4, paragraph (a); and must include disciplinary actions for each violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 121A.41 to 121A.56.

(d) The policy must be conspicuously posted throughout each school building, distributed to each district or school employee and independent contractor at the time of hiring or contracting, and included in each school's student handbook on school policies. Each school must develop a process for discussing with students, parents of students, independent contractors, and school employees the policy adopted under this section.

Sec. 23. [121A.038] STUDENTS SAFE AT SCHOOL.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Active shooter drill" means an emergency preparedness drill designed to teach students, teachers, school personnel, and staff how to respond in the event of an armed intruder on campus or an armed assailant in the immediate vicinity of the school. An active shooter drill is not an active shooter simulation, nor may an active shooter drill include any sensorial components, activities, or elements which mimic a real life shooting.

(c) "Active shooter simulation" means an emergency exercise including full-scale or functional exercises, designed to teach adult school personnel and staff how to respond in the event of an armed intruder on campus or an armed assailant in the immediate vicinity of the school which also incorporates sensorial components, activities, or elements mimicking a real life shooting. Activities

or elements mimicking a real life shooting include, but are not limited to, simulation of tactical response by law enforcement. An active shooter simulation is not an active shooter drill.

(d) "Evidence-based" means a program or practice that demonstrates any of the following:

(1) a statistically significant effect on relevant outcomes based on any of the following:

(i) strong evidence from one or more well designed and well implemented experimental studies;

(ii) moderate evidence from one or more well designed and well implemented quasi-experimental studies; or

(iii) promising evidence from one or more well designed and well implemented correlational studies with statistical controls for selection bias; or

(2) a rationale based on high-quality research findings or positive evaluations that the program or practice is likely to improve relevant outcomes, including the ongoing efforts to examine the effects of the program or practice.

(e) "Full-scale exercise" means an operations-based exercise that is typically the most complex and resource-intensive of the exercise types and often involves multiple agencies, jurisdictions, organizations, and real-time movement of resources.

(f) "Functional exercises" means an operations-based exercise designed to assess and evaluate capabilities and functions while in a realistic, real-time environment, however, movement of resources is usually simulated.

Subd. 2. **Criteria.** An active shooter drill conducted according to section 121A.037 with students in early childhood through grade 12 must be:

(1) accessible;

(2) developmentally appropriate and age appropriate, including using appropriate safety language and vocabulary;

(3) culturally aware;

(4) trauma-informed; and

(5) inclusive of accommodations for students with mobility restrictions, sensory needs, developmental or physical disabilities, mental health needs, and auditory or visual limitations.

Subd. 3. **Student mental health and wellness.** Active shooter drill protocols must include a reasonable amount of time immediately following the drill for teachers to debrief with their students. The opportunity to debrief must be provided to students before regular classroom activity may resume. During the debrief period, students must be allowed to access any mental health services available on campus, including counselors, school psychologists, social workers, or cultural liaisons. An active shooter drill must not be combined or conducted consecutively with any other type of emergency preparedness drill. An active shooter drill must be accompanied by an announcement

prior to commencing. The announcement must use concise and age-appropriate language and, at a minimum, inform students there is no immediate danger to life and safety.

Subd. 4. **Notice.** (a) A school district or charter school must provide notice of a pending active shooter drill to every student's parent or legal guardian before an active shooter drill is conducted. Whenever practicable, notice must be provided at least 24 hours in advance of a pending active shooter drill and inform the parent or legal guardian of the right to opt their student out of participating.

(b) If a student is opted out of participating in an active shooter drill, no negative consequence must impact the student's general school attendance record nor may nonparticipation alone make a student ineligible to participate in or attend school activities.

(c) The commissioner of education must ensure the availability of alternative safety education for students who are opted out of participating or otherwise exempted from an active shooter drill. Alternative safety education must provide essential safety instruction through less sensorial safety training methods and must be appropriate for students with mobility restrictions, sensory needs, developmental or physical disabilities, mental health needs, and auditory or visual limitations.

Subd. 5. **Participation in active shooter drills.** Any student in early childhood through grade 12 must not be required to participate in an active shooter drill that does not meet the criteria in subdivision 2.

Subd. 6. **Active shooter simulations.** A student must not be required to participate in an active shooter simulation. An active shooter simulation must not take place during regular school hours if a majority of students are present, or expected to be present, at the school. A parent or legal guardian of a student in grades 9 through 12 must have the opportunity to opt their student into participating in an active shooter simulation.

Subd. 7. **Violence prevention.** (a) A school district or charter school conducting an active shooter drill must provide students in middle school and high school at least one hour, or one standard class period, of violence prevention training annually.

(b) The violence prevention training must be evidence-based and may be delivered in-person, virtually, or digitally. Training must, at a minimum, teach students the following:

(1) how to identify observable warning signs and signals of an individual who may be at risk of harming oneself or others;

(2) the importance of taking threats seriously and seeking help; and

(3) the steps to report dangerous, violent, threatening, harmful, or potentially harmful activity.

(c) By July 1, 2024, the commissioner of public safety and the commissioner of education must jointly develop a list of evidence-based trainings that a school district or charter school may use to fulfill the requirements of this section, including no-cost programming, if any. The agencies must:

(1) post the list publicly on the Minnesota School Safety Center's website; and

(2) update the list every two years.

(d) A school district or charter school must ensure that students have the opportunity to contribute to their school's safety and violence prevention planning, aligned with the recommendations for multihazard planning for schools, including but not limited to:

(1) student opportunities for leadership related to prevention and safety;

(2) encouragement and support to students in establishing clubs and programs focused on safety;  
and

(3) providing students with the opportunity to seek help from adults and to learn about prevention connected to topics including bullying, sexual harassment, sexual assault, and suicide.

Subd. 8. **Board meeting.** At a regularly scheduled school board meeting, a school board of a district that has conducted an active shooter drill must consider the following:

(1) the effect of active shooter drills on the safety of students and staff; and

(2) the effect of active shooter drills on the mental health and wellness of students and staff.

Sec. 24. **[121A.201] MTSS AND COLLABORATIVE MINNESOTA PARTNERSHIPS TO ADVANCE STUDENT SUCCESS (COMPASS).**

Beginning July 1, 2023, all Minnesota school districts and charter schools must be offered training and support in implementing MTSS through the Department of Education COMPASS team and the Department of Education's regional partners, the Minnesota Service Cooperatives. COMPASS is the state school improvement model providing a statewide system through which all districts and schools may receive support in the areas of literacy, math, social-emotional learning, and mental health within the MTSS framework. The MTSS framework is the state's systemic, continuous school improvement framework for ensuring positive social, emotional, behavioral, developmental, and academic outcomes for every student. MTSS provides access to layered tiers of culturally and linguistically responsive, evidence-based practices. The MTSS framework relies on the understanding and belief that every student can learn and thrive, and it engages an anti-bias and socially just approach to examining policies and practices and ensuring equitable distribution of resources and opportunity. The MTSS systemic framework requires:

(1) a district-wide infrastructure consisting of effective leaders, collective efficacy among staff, positive school climate, linked teams, and professional learning that supports continuous improvement;

(2) authentic engagement with families and communities to develop reciprocal relationships and build new opportunities for students together;

(3) multilayered tiers of culturally and linguistically responsive instruction and support that allows every student the support they need to reach meaningful and rigorous learning standards. Tiers of support include core (Tier 1), supplemental (Tier 2), and intensive (Tier 3) instruction levels;

(4) valid and reliable assessment tools and processes to assess student and system performance and inform necessary changes; and

(5) a data-based decision-making approach in which problems are precisely defined and analyzed, solutions address root causes, and implementation is monitored to ensure success. The data-based problem-solving component of the MTSS framework consists of three major subcomponents: accessible and integrated data, decision-making process, and system performance.

**Sec. 25. [121A.35] SUICIDE PREVENTION INFORMATION; IDENTIFICATION CARDS.**

A school district or charter school that issues an identification card to students in middle school, junior high, or high school must provide contact information for the 988 Suicide and Crisis LifeLine (988 LifeLine), the Crisis Text line, and the county mobile crisis services. The contact information must also be included in the school's student handbook and the student planner if a student planner is custom printed by the school for distribution to students in grades 6 through 12. A nonpublic school is encouraged to issue student identification cards consistent with this paragraph.

Sec. 26. Minnesota Statutes 2022, section 121A.41, is amended by adding a subdivision to read:

**Subd. 12. Nonexclusionary disciplinary policies and practices; alternatives to pupil removal and dismissal.** "Nonexclusionary disciplinary policies and practices" means policies and practices that are alternatives to dismissing a pupil from school, including but not limited to evidence-based positive behavior interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, academic screening for Title 1 services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under sections 120B.12; 121A.575, clauses (1) and (2); 121A.031, subdivision 4, paragraph (a), clause (1); 121A.61, subdivision 3, paragraph (r); and 122A.627, clause (3).

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 27. Minnesota Statutes 2022, section 121A.41, is amended by adding a subdivision to read:

**Subd. 13. Pupil withdrawal agreement.** "Pupil withdrawal agreement" means a verbal or written agreement between a school administrator or district administrator and a pupil's parent to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. The duration of the withdrawal agreement cannot be for more than a 12-month period.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 28. Minnesota Statutes 2022, section 121A.425, is amended to read:

**121A.425 FULL AND EQUITABLE PARTICIPATION IN PRESCHOOL AND PREKINDERGARTEN EARLY LEARNING.**

Subdivision 1. **Disciplinary dismissals prohibited.** (a) A pupil enrolled in the following is not subject to dismissals under this chapter:

(1) a preschool or prekindergarten program, including a child participating in an early childhood family education, school readiness, school readiness plus, voluntary prekindergarten, Head Start,

or other school-based preschool or prekindergarten program, ~~may not be subject to dismissals under this chapter, or~~

(2) kindergarten through grade 3.

(b) This provision does not apply to a dismissal from school for less than one school day, except as provided under chapter 125A and federal law for a student receiving special education services.

(c) Notwithstanding this subdivision, expulsions and exclusions may be used only after resources outlined in subdivision 2 have been exhausted, and only in circumstances where there is an ongoing serious safety threat to the child or others.

Subd. 2. **Nonexclusionary discipline.** For purposes of this section, nonexclusionary discipline must include at least one of the following:

(1) collaborating with the pupil's family or guardian, child mental health consultant or provider, education specialist, or other community-based support;

(2) creating a plan, written with the parent or guardian, that details the action and support needed for the pupil to fully participate in the current educational program, including a preschool or prekindergarten program; or

(3) providing a referral for needed support services, including parenting education, home visits, other supportive education interventions, or, where appropriate, an evaluation to determine if the pupil is eligible for special education services or section 504 services.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 29. Minnesota Statutes 2022, section 121A.45, subdivision 1, is amended to read:

Subdivision 1. **Provision of alternative programs.** No school shall dismiss any pupil without attempting to ~~provide alternative educational services~~ use nonexclusionary disciplinary policies and practices before dismissal proceedings or pupil withdrawal agreements, except where it appears that the pupil will create an immediate and substantial danger to self or to surrounding persons or property.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 30. Minnesota Statutes 2022, section 121A.46, subdivision 4, is amended to read:

Subd. 4. **Provision of alternative education services; suspension pending expulsion or exclusion hearing.** (a) Alternative education services must be provided to a pupil who is suspended for more than five consecutive school days.

(b) Notwithstanding the provisions of subdivisions 1 and 3, the pupil may be suspended pending the school board's decision in the expulsion or exclusion hearing; provided that alternative educational services are implemented to the extent that suspension exceeds five consecutive school days.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 31. Minnesota Statutes 2022, section 121A.46, is amended by adding a subdivision to read:

Subd. 5. **Minimum education services.** School administration must allow a suspended pupil the opportunity to complete all school work assigned during the period of the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 32. Minnesota Statutes 2022, section 121A.47, subdivision 2, is amended to read:

Subd. 2. **Written notice.** Written notice of intent to take action shall:

- (a) be served upon the pupil and the pupil's parent or guardian personally or by mail;
- (b) contain a complete statement of the facts, a list of the witnesses and a description of their testimony;
- (c) state the date, time, and place of the hearing;
- (d) be accompanied by a copy of sections 121A.40 to 121A.56;
- (e) describe ~~alternative educational services~~ the nonexclusionary disciplinary practices accorded the pupil in an attempt to avoid the expulsion proceedings; and
- (f) inform the pupil and parent or guardian of the right to:
  - (1) have a representative of the pupil's own choosing, including legal counsel, at the hearing. The district ~~shall~~ must advise the pupil's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Department of Education and is posted on their website;
  - (2) examine the pupil's records before the hearing;
  - (3) present evidence; and
  - (4) confront and cross-examine witnesses.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 33. Minnesota Statutes 2022, section 121A.47, subdivision 14, is amended to read:

Subd. 14. **Admission or readmission plan.** (a) A school administrator ~~shall~~ must prepare and enforce an admission or readmission plan for any pupil who is excluded or expelled from school. The plan ~~may~~ must include measures to improve the pupil's behavior, ~~including~~ which may include completing a character education program, consistent with section 120B.232, subdivision 1, ~~and~~ require social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation, and evidence-based academic interventions. The

plan must include reasonable attempts to obtain parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

(b) The definition of suspension under section 121A.41, subdivision 10, does not apply to a student's dismissal from school for ~~one school day or less~~ than one school day, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. A readmission plan must provide, where appropriate, alternative education services, which must not be used to extend the student's current suspension period. Consistent with section 125A.091, subdivision 5, a readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School officials must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect or medical or educational neglect.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 34. Minnesota Statutes 2022, section 121A.53, subdivision 1, is amended to read:

Subdivision 1. **Exclusions and expulsions; student withdrawals; physical assaults.** Consistent with subdivision 2, the school board must report through the department electronic reporting system each exclusion or expulsion ~~and,~~ each physical assault of a district employee by a ~~student pupil,~~ and each pupil withdrawal agreement within 30 days of the effective date of the dismissal action, pupil withdrawal, or assault, to the commissioner of education. This report must include a statement of ~~alternative educational services~~ nonexclusionary disciplinary practices, or other sanction, intervention, or resolution in response to the assault given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the ~~student's~~ pupil's age, grade, gender, race, and special education status.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 35. Minnesota Statutes 2022, section 121A.55, is amended to read:

#### **121A.55 POLICIES TO BE ESTABLISHED.**

(a) The commissioner of education ~~shall~~ must promulgate guidelines to assist each school board. Each school board ~~shall~~ must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 121A.40 to 121A.56. The policies ~~shall~~ must include nonexclusionary disciplinary policies and practices consistent with section 121A.41, subdivision 12, and must emphasize preventing dismissals through early detection of problems and shall. The policies must be designed to address students' inappropriate behavior from recurring.

(b) The policies ~~shall~~ must recognize the continuing responsibility of the school for the education of the pupil during the dismissal period.

(c) The school is responsible for ensuring that alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress ~~towards~~ toward meeting the graduation standards adopted under section 120B.02 and help prepare the pupil for readmission in accordance with section 121A.46, subdivision 5.

(d) For expulsion and exclusion dismissals and pupil withdrawal agreements as defined in section 121A.41, subdivision 13:

(1) for a pupil who remains enrolled in the district or is awaiting enrollment in a new district, a school district's continuing responsibility includes reviewing the pupil's schoolwork and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. A school district must communicate on a regular basis with the pupil's parent or guardian to ensure that the pupil is completing the work assigned through the alternative educational services as defined in section 121A.41, subdivision 11. These services are required until the pupil enrolls in another school or returns to the same school;

(2) a pupil receiving school-based or school-linked mental health services in the district under section 245.4889 continues to be eligible for those services until the pupil is enrolled in a new district; and

(3) a school district must provide to the pupil's parent or guardian information on accessing mental health services, including any free or sliding fee providers in the community. The information must also be posted on the district or charter school website.

~~(b)~~ (e) An area learning center under section 123A.05 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

~~(e)~~ (f) Each school district shall develop a policy and report it to the commissioner on the appropriate use of peace officers and crisis teams to remove students who have an individualized education program from school grounds.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 36. Minnesota Statutes 2022, section 121A.58, is amended to read:

**121A.58 CORPORAL PUNISHMENT; PRONE RESTRAINT; AND CERTAIN PHYSICAL HOLDS.**

Subdivision 1. **Definition Definitions.** (a) For the purpose of this section, "corporal punishment" means conduct involving:

- (1) hitting or spanking a person with or without an object; or
- (2) unreasonable physical force that causes bodily harm or substantial emotional harm.

(b) For the purpose of this section, "prone restraint" means placing a child in a face-down position.

Subd. 2. **Corporal punishment not allowed.** An employee or agent of a district shall not inflict corporal punishment or cause corporal punishment to be inflicted upon a pupil to reform unacceptable conduct or as a penalty for unacceptable conduct.

Subd. 2a. **Prone restraint and certain physical holds not allowed.** (a) An employee or agent of a district, including a school resource officer, security personnel, or police officer contracted with a district, shall not use prone restraint.

(b) An employee or agent of a district, including a school resource officer, security personnel, or police officer contracted with a district, shall not inflict any form of physical holding that restricts or impairs a pupil's ability to breathe; restricts or impairs a pupil's ability to communicate distress; places pressure or weight on a pupil's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen; or results in straddling a pupil's torso.

Subd. 3. **Violation.** Conduct that violates subdivision 2 is not a crime under section 645.241, but may be a crime under chapter 609 if the conduct violates a provision of chapter 609. **Conduct that violates subdivision 2a is not per se corporal punishment under this statute. Nothing in this section or section 125A.0941 precludes the use of reasonable force under section 121A.582.**

Sec. 37. Minnesota Statutes 2022, section 121A.61, subdivision 1, is amended to read:

Subdivision 1. **Required policy.** Each school board must adopt a written districtwide school discipline policy which includes written rules of conduct for students, minimum consequences for violations of the rules, and grounds and procedures for removal of a student from class. The policy must contain the discipline complaint procedure that any member of the school community may use to file a complaint regarding the application of discipline policies and seek corrective action. The policy must be developed in consultation with administrators, teachers, employees, pupils, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Sec. 38. Minnesota Statutes 2022, section 121A.61, subdivision 3, is amended to read:

Subd. 3. **Policy components.** The policy must include at least the following components:

- (a) rules governing student conduct and procedures for informing students of the rules;
- (b) the grounds for removal of a student from a class;
- (c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;
- (d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;
- (e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;
- (f) provisions relating to the responsibility for and custody of a student removed from a class;
- (g) the procedures for return of a student to the specified class from which the student has been removed;

(h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring a student in need of special education services to those services;

(l) any procedures determined appropriate for ensuring victims of bullying who respond with behavior not allowed under the school's behavior policies have access to a remedial response, consistent with section 121A.031;

~~(m)~~ (m) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individualized education program of a student with a disability who is removed from class;

~~(n)~~ (n) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;

~~(o)~~ (o) the minimum consequences for violations of the code of conduct;

~~(p)~~ (p) procedures for immediate and appropriate interventions tied to violations of the code;

~~(q)~~ (q) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws;

~~(r)~~ (r) an agreement regarding procedures to coordinate crisis services to the extent funds are available with the county board responsible for implementing sections 245.487 to 245.4889 for students with a serious emotional disturbance or other students who have an individualized education program whose behavior may be addressed by crisis intervention; ~~and~~

~~(s)~~ (s) a provision that states a student must be removed from class immediately if the student engages in assault or violent behavior. For purposes of this paragraph, "assault" has the meaning given it in section 609.02, subdivision 10. The removal shall be for a period of time deemed appropriate by the principal, in consultation with the teacher;

(t) a prohibition on the use of exclusionary practices for early learners as defined in section 121A.425; and

(u) a prohibition on the use of exclusionary practices to address attendance and truancy issues.

Sec. 39. Minnesota Statutes 2022, section 121A.61, is amended by adding a subdivision to read:

Subd. 4. **Discipline complaint procedure.** The discipline policy must contain procedures for students, parents and other guardians, and school staff to file a complaint and seek corrective action when the requirements of sections 121A.40 to 121A.61, including the implementation of the local

behavior and discipline policies, are not being implemented appropriately or are being discriminately applied. Each district and school policy implemented under this section must, at a minimum:

(1) provide procedures for communicating this policy including the ability for a parent to appeal a decision under section 121A.49 that contains explicit instructions for filing the complaint;

(2) provide an opportunity for involved parties to submit additional information related to the complaint;

(3) provide a procedure to begin to investigate complaints within three school days of receipt, and identify personnel who will manage the investigation and any resulting record and are responsible for keeping and regulating access to any record;

(4) provide procedures for issuing a written determination to the complainant that addresses each allegation and contains findings and conclusions;

(5) if the investigation finds the requirements of sections 121A.40 to 121A.61, including any local policies that were not implemented appropriately, contain procedures that require a corrective action plan to correct a student's record and provide relevant staff with training, coaching, or other accountability practices to ensure appropriate compliance with policies in the future; and

(6) prohibit reprisals or retaliation against any person who asserts, alleges, or reports a complaint, and provide procedures for applying appropriate consequences for a person who engages in reprisal or retaliation.

Sec. 40. Minnesota Statutes 2022, section 121A.61, is amended by adding a subdivision to read:

Subd. 5. **School supports.** (a) A school board is strongly encouraged to adopt a policy that promotes the understanding in school staff that when a student is unable to meet adult expectations it is often because the student lacks the skills to respond to a situation appropriately. A school district must support school staff in using tiered interventions that teach students skills and prioritize relationships between students and teachers.

(b) A school board is strongly encouraged to adopt a policy that discourages teachers and staff from reacting to unwanted student behavior with approaches that take away the student's opportunity to build skills for responding more appropriately.

Sec. 41. **[121A.611] RECESS AND OTHER BREAKS.**

(a) "Recess detention" as used in this chapter means excluding or excessively delaying a student from participating in a scheduled recess period as a consequence for student behavior. Recess detention does not include, among other things, providing alternative recess at the student's choice.

(b) A school district or charter school is encouraged to ensure student access to structured breaks from the demands of school and to support teachers, principals, and other school staff in their efforts to use evidence-based approaches to reduce exclusionary forms of discipline.

(c) A school district or charter school must not use recess detention unless:

(1) a student causes or is likely to cause serious physical harm to other students or staff;

(2) the student's parent or guardian specifically consents to the use of recess detention; or

(3) for students receiving special education services, the student's individualized education program team has determined that withholding recess is appropriate based on the individualized needs of the student.

(d) A school district or charter school must not withhold recess from a student based on incomplete schoolwork.

(e) A school district or charter school must require school staff to make a reasonable attempt to notify a parent or guardian within 24 hours of using recess detention.

(f) A school district or charter school must compile information on each recess detention at the end of each school year, including the student's age, grade, gender, race or ethnicity, and special education status. This information must be available to the public upon request. A school district or charter school is encouraged to use the data in professional development promoting the use of nonexclusionary discipline.

(g) A school district or charter school must not withhold or excessively delay a student's participation in scheduled mealtimes. This section does not alter a district or school's existing responsibilities under section 124D.111 or other state or federal law.

Sec. 42. **[121A.642] PARAPROFESSIONAL TRAINING.**

Subdivision 1. **Training required.** A school district or charter school must provide a minimum of eight hours of paid orientation or professional development annually to all paraprofessionals, Title I aides, and other instructional support staff. Six of the eight hours must be completed before the first instructional day of the school year or within 30 days of hire. The orientation or professional development must be relevant to the employee's occupation and may include collaboration time with classroom teachers and planning for the school year. For paraprofessionals who provide direct support to students, at least 50 percent of the professional development or orientation must be dedicated to meeting the requirements of this section. Professional development for paraprofessionals may also address the requirements of section 120B.363, subdivision 3. A school administrator must provide an annual certification of compliance with this requirement to the commissioner.

Subd. 2. **Reimbursement for paraprofessional training.** (a) Beginning in fiscal year 2025, the commissioner of education must reimburse school districts, charter schools, intermediate school districts and other cooperative units, the Perpich Center for Arts Education, and the Minnesota State Academies in the form and manner specified by the commissioner for paraprofessional training costs.

(b) The paraprofessional reimbursement equals the prior year compensation expenses associated with providing up to eight hours of paid orientation and professional development for each paraprofessional trained under subdivision 1.

(c) The commissioner may establish procedures to ensure that any costs reimbursed under this section are excluded from other school revenue calculations.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 43. Minnesota Statutes 2022, section 124D.03, subdivision 3, is amended to read:

Subd. 3. **Pupil application procedures.** (a) In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. The pupil's application must identify a reason for enrolling in the nonresident district. The parent or guardian of a pupil must submit a signed application by January 15 for initial enrollment beginning the following school year. The application must be on a form provided by the Department of Education. A particular school or program may be requested by the parent. Once enrolled in a nonresident district, the pupil may remain enrolled and is not required to submit annual or periodic applications. If the student moves to a new resident district, the student retains the seat in the nonresident district, but must submit a new enrollment options form to update the student's information. To return to the resident district or to transfer to a different nonresident district, the parent or guardian of the pupil must provide notice to the resident district or apply to a different nonresident district by January 15 for enrollment beginning the following school year.

(b) A school district may require a nonresident student enrolled in a program under section 125A.13, or in a preschool program, except for a program under section 124D.151 or Laws 2017, First Special Session chapter 5, article 8, section 9, to follow the application procedures under this subdivision to enroll in kindergarten. A district must allow a nonresident student enrolled in a program under section 124D.151 or Laws 2017, First Special Session chapter 5, article 8, section 9, to remain enrolled in the district when the student enters kindergarten without submitting annual or periodic applications, unless the district terminates the student's enrollment under subdivision 12.

Sec. 44. Minnesota Statutes 2022, section 124D.03, subdivision 5, is amended to read:

Subd. 5. **Nonresident district procedures.** A district shall notify the parent or guardian in writing by February 15 or within 90 days for applications submitted after January 15 in the case of achievement and integration district transfers whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection. The parent or guardian must notify the nonresident district by March 1 or within ~~45~~ ten business days whether the pupil intends to enroll in the nonresident district. Notice of intent to enroll in the nonresident district obligates the pupil to attend the nonresident district during the following school year, unless the boards of the resident and the nonresident districts agree in writing to allow the pupil to transfer back to the resident district. If the pupil's parents or guardians change residence to another district, the student does not lose the seat in the nonresident district but the parent or guardian must complete an updated enrollment options form. If a parent or guardian does not notify the nonresident district by the January 15 deadline, if it applies, the pupil may not enroll in that nonresident district during the following school year, unless the boards of the resident and nonresident district agree otherwise. The nonresident district must notify the resident district by March 15 or 30 days later of the pupil's intent to enroll in the nonresident district. The same procedures apply to a pupil who applies to transfer from one participating nonresident district to another participating nonresident district.

Sec. 45. Minnesota Statutes 2022, section 124D.09, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section, the following terms have the meanings given to them.

(a) "Eligible institution" means a Minnesota public postsecondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by an accreditor recognized by the United States Department of Education, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. An eligible institution must not require a faith statement from a secondary student seeking to enroll in a postsecondary course under this section during the application process or base any part of the admission decision on a student's race, creed, ethnicity, disability, gender, or sexual orientation or religious beliefs or affiliations.

(b) "Course" means a course or program.

(c) "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid under section 124D.091.

Sec. 46. Minnesota Statutes 2022, section 124D.09, subdivision 5, is amended to read:

Subd. 5. **Authorization; notification.** Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a school or an American Indian-controlled Tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that postsecondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner. The notice must indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for postsecondary credit, the institution must notify:

(1) the pupil about payment in the customary manner used by the institution; and

(2) the pupil's school as soon as practicable if the pupil withdraws from the course or stops attending the course.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 47. Minnesota Statutes 2022, section 124D.09, subdivision 12, is amended to read:

Subd. 12. **Credits; grade point average weighting policy.** (a) A pupil must not audit a course under this section.

(b) A district ~~shall~~ must grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A district must also grant academic credit to a pupil enrolled in a course for postsecondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district must, as soon as possible, notify the commissioner, who ~~shall~~ must determine the number of credits that ~~shall~~ must be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board ~~shall~~ must grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular

course, the pupil may appeal the board's decision to the commissioner. The commissioner's decision regarding the number of credits ~~shall be~~ is final.

(c) A school board must adopt a policy regarding weighted grade point averages for any high school or dual enrollment course. The policy must state whether the district offers weighted grades. A school board must annually publish on its website a list of courses for which a student may earn a weighted grade.

(d) The secondary credits granted to a pupil must be counted toward the graduation requirements and subject area requirements of the district. Evidence of successful completion of each course and secondary credits granted must be included in the pupil's secondary school record. A pupil ~~shall~~ must provide the school with a copy of the pupil's ~~grade~~ grades in each course taken for secondary credit under this section, including interim or nonfinal grades earned during the academic term. Upon the request of a pupil, the pupil's secondary school record must also include evidence of successful completion and credits granted for a course taken for postsecondary credit. In either case, the record must indicate that the credits were earned at a postsecondary institution.

(e) If a pupil enrolls in a postsecondary institution after leaving secondary school, the postsecondary institution must award postsecondary credit for any course successfully completed for secondary credit at that institution. Other postsecondary institutions may award, after a pupil leaves secondary school, postsecondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

(f) The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, and private nonprofit and proprietary postsecondary institutions should, award postsecondary credit for any successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10. Consistent with section 135A.101, subdivision 3, all MnSCU institutions must give full credit to a secondary pupil who completes for postsecondary credit a postsecondary course or program that is part or all of a goal area or a transfer curriculum at a MnSCU institution when the pupil enrolls in a MnSCU institution after leaving secondary school. Once one MnSCU institution certifies as completed a secondary student's postsecondary course or program that is part or all of a goal area or a transfer curriculum, every MnSCU institution must consider the student's course or program for that goal area or the transfer curriculum as completed.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 48. Minnesota Statutes 2022, section 124D.09, subdivision 13, is amended to read:

Subd. 13. **Financial arrangements.** For a pupil enrolled in a course under this section, the department must make payments according to this subdivision for courses that were taken for secondary credit.

The department must not make payments to a school district or postsecondary institution for a course taken for postsecondary credit only. The department must not make payments to a postsecondary institution for a course from which a student officially withdraws during the first ~~14~~ ten business days of the postsecondary institution's quarter or semester or who has been absent from the postsecondary institution for the first ~~15 consecutive school~~ ten business days of the postsecondary institution's quarter or semester and is not receiving instruction in the home or hospital.

A postsecondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance minus \$425, multiplied by 1.2, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance minus \$425, multiplied by 1.2, and divided by 30.

The department must pay to each postsecondary institution 100 percent of the amount in clause (1) or (2) within 45 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the postsecondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department notifies a postsecondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 49. [124D.094] ONLINE INSTRUCTION ACT.

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Blended instruction" means a form of digital instruction that occurs when a student learns part time in a supervised physical setting and part time through online instruction under paragraph (f).

(c) "Digital instruction" means instruction facilitated by technology that offers students an element of control over the time, place, path, or pace of learning and includes blended and online instruction.

(d) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4.

(e) "Online course syllabus" means a written document that identifies the state academic standards taught and assessed in a supplemental online course under paragraph (j); course content outline; required course assessments; instructional methods; communication procedures with students, guardians, and the enrolling district under paragraph (d); and supports available to the student.

(f) "Online instruction" means a form of digital instruction that occurs when a student learns primarily through digital technology away from a supervised physical setting.

(g) "Online instructional site" means a site that offers courses using online instruction under paragraph (f) and may enroll students receiving online instruction under paragraph (f).

(h) "Online teacher" means an employee of the enrolling district under paragraph (d) or the supplemental online course provider under paragraph (k) who holds the appropriate licensure under Minnesota Rules, chapter 8710, and is trained to provide online instruction under paragraph (f).

(i) "Student" means a Minnesota resident enrolled in a school defined under section 120A.22, subdivision 4, in kindergarten through grade 12 up to the age of 21.

(j) "Supplemental online course" means an online learning course taken in place of a course provided by the student's enrolling district under paragraph (d).

(k) "Supplemental online course provider" means a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that is authorized by the Department of Education to provide supplemental online courses under paragraph (j).

Subd. 2. **Digital instruction.** (a) An enrolling district may provide digital instruction, including blended instruction and online instruction, to the district's own enrolled students. Enrolling districts may establish agreements to provide digital instruction, including blended instruction and online instruction, to students enrolled in the cooperating schools.

(b) When online instruction is provided, an online teacher as defined under subdivision 1, paragraph (h), shall perform all duties of teacher of record under Minnesota Rules, part 8710.0310. Unless the commissioner grants a waiver, a teacher providing online instruction shall not instruct more than 40 students in any one online learning course or section.

(c) Students receiving online instruction full time shall be reported as enrolled in an online instructional site under subdivision 1, paragraph (g).

(d) Curriculum used for digital instruction shall be aligned with Minnesota's current academic standards and benchmarks.

(e) Digital instruction shall be accessible to students under section 504 of the federal Rehabilitation Act and Title II of the federal Americans with Disabilities Act.

(f) An enrolling district providing digital instruction and a supplemental online course provider shall assist an enrolled student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software so they may participate in digital instruction. Funds provided to a family to support digital instruction or supplemental online courses may only be used for qualifying expenses as determined by the provider. Nonconsumable materials purchased with public education funds remain the property of the provider. Records for any funds provided must be available for review by the public or the department.

(g) An enrolling district providing digital instruction shall establish and document procedures for determining attendance for membership and keep accurate records of daily attendance under section 120A.21.

Subd. 3. **Supplemental online courses.** (a) Notwithstanding sections 124D.03 and 124D.08 and chapter 124E, procedures for applying to take supplemental online courses other than those offered by the student's enrolling district are as provided in this subdivision.

(b) Any kindergarten through grade 12 student may apply to take a supplemental online course under subdivision 1, paragraph (j). The student, or the student's parent or guardian for a student under age 17, must submit an application for the proposed supplemental online course or courses. A student may:

(1) apply to take an online course from a supplemental online course provider that meets or exceeds the academic standards of the course in the enrolling district they are replacing;

(2) apply to take supplemental online courses for up to 50 percent of the student's scheduled course load; and

(3) apply to take supplemental online courses no later than 15 school days after the student's enrolling district's term has begun. An enrolling district may waive the 50 percent course enrollment limit or the 15-day time limit.

(c) A student taking a supplemental online course must have the same access to the computer hardware and education software available in a school as all other students in the enrolling district.

(d) A supplemental online course provider must have a current, approved application to be listed by the Department of Education as an approved provider. The supplemental online course provider must:

(1) use an application form specified by the Department of Education;

(2) notify the student, the student's guardian if they are age 17 or younger, and enrolling district of the accepted application to take a supplemental online course within ten days of receiving a completed application;

(3) notify the enrolling district of the course title, credits to be awarded, and the start date of the online course. A supplemental online course provider must make the online course syllabus available to the enrolling district;

(4) request applicable academic support information for the student, including a copy of the IEP, EL support plan, or 504 plan; and

(5) track student attendance and monitor academic progress and communicate with the student, the student's guardian if they are age 17 or younger, and the enrolling district's designated online learning liaison.

(e) A supplemental online course provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications. The provisions may not discriminate against any protected class or students with disabilities.

(f) A supplemental online course provider may request that the Department of Education review an enrolling district's written decision to not accept a student's supplemental online course application. The student may participate in the supplemental online course while the application is under review. Decisions shall be final and binding for both the enrolling district and the supplemental online course provider.

(g) A supplemental online course provider must participate in continuous improvement cycles with the Department of Education.

Subd. 4. **Enrolling district.** (a) An enrolling district may not restrict or prevent a student from applying to take supplemental online courses.

(b) An enrolling district may request an online course syllabus as defined under subdivision 1, paragraph (e), to review whether the academic standards in the online course meet or exceed the academic standards in the course it would replace at the enrolling district.

(c) Within 15 days after receiving notice of a student applying to take a supplemental online course, the enrolling district must notify the supplemental online course provider whether the student, the student's guardian, and the enrolling district agree that academic standards in the online course meet or exceed the academic standards in the course it would replace at the enrolling district. If the enrolling district does not agree that the academic standards in the online course meet or exceed the academic standards in the course it would replace at the enrolling district, then:

(1) the enrolling district must provide a written explanation of the district's decision to the student, the student's guardian, and the supplemental online course provider; and

(2) the online provider must provide a response to the enrolling district explaining how the course or program meets the graduation requirements of the enrolling district.

(d) An enrolling district may reduce the course schedule of a student taking supplemental online courses in proportion to the number of supplemental online learning courses the student takes.

(e) An enrolling district must appoint an online learning liaison who:

(1) provides information to students and families about supplemental online courses;

(2) provides academic support information including IEPs, EL support plans, and 504 plans to supplemental online providers; and

(3) monitors attendance and academic progress, and communicates with supplemental online learning providers, students, families, and enrolling district staff.

(f) An enrolling district must continue to provide support services to students taking supplemental online courses as they would for any other enrolled student including support for English learners, case management of an individualized education program, and meal and nutrition services for eligible students.

(g) An online learning student must receive academic credit for completing the requirements of a supplemental online learning course. If a student completes an online learning course that meets or exceeds a graduation standard or the grade progression requirement at the enrolling district, that standard or requirement is met.

(h) Secondary credits granted to a supplemental online learning student count toward the graduation and credit requirements of the enrolling district. The enrolling district must apply the same graduation requirements to all students, including students taking supplemental online courses.

(i) An enrolling district must provide access to extracurricular activities for students taking supplemental online courses on the same basis as any other enrolled student.

Subd. 5. **Reporting.** Courses that include blended instruction and online instruction must be reported in the manner determined by the commissioner of education.

Subd. 6. **Department of Education.** (a) The commissioner must establish quality standards to be used for applications and continuous improvement of supplemental online course providers, and by enrolling districts using digital instruction.

(b) The commissioner must support the enrolling district's development of high-quality digital instruction and monitor implementation. The department must establish and participate in continuous improvement cycles with supplemental online course providers.

(c) Applications from prospective supplemental online course providers must be reviewed using quality standards and approved or denied within 90 calendar days of receiving a complete application.

(d) The department may collect a fee not to exceed \$250 for reviewing applications by supplemental online course providers or \$50 per supplemental course application review request. Funds generated from application review fees shall be used to support high quality digital instruction.

(e) The department must develop, publish, and maintain a list of supplemental online course providers that the department has reviewed and approved.

(f) The department may review a complaint about an enrolling district providing digital instruction, or a complaint about a supplemental online course provider based on the provider's response to notice of a violation. If the department determines that an enrolling district providing digital instruction or a supplemental online course provider violated a law or rule, the department may:

(1) create a compliance plan for the provider; or

(2) withhold funds from the provider under this section and sections 124E.25 and 127A.42. The department must notify an online learning provider in writing about withholding funds and provide detailed calculations.

(g) An online learning program fee administration account is created in the special revenue fund. Funds retained under paragraph (d) must be deposited in the account. Money in the account is annually appropriated to the commissioner for costs associated with administering and monitoring online and digital learning programs.

Subd. 7. **Financial arrangements.** (a) For a student enrolled in an online supplemental course, the department must calculate average daily membership and make payments according to this subdivision.

(b) The initial online supplemental average daily membership equals 1/12 for each semester course or a proportionate amount for courses of different lengths. The adjusted online learning average daily membership equals the initial online supplemental average daily membership times .88.

(c) No online supplemental average daily membership shall be generated if the student:

(1) does not complete the online learning course; or

(2) is enrolled in an online course provided by the enrolling district.

(d) Online course average daily membership under this subdivision for a student currently enrolled in a Minnesota public school shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (2), and for computing online course aid according to section 124D.096.

Sec. 50. Minnesota Statutes 2022, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **Program established.** A learning year program provides instruction throughout the year on an extended year calendar, extended school day calendar, or both. ~~A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements.~~ A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Sec. 51. Minnesota Statutes 2022, section 124D.231, is amended to read:

#### **124D.231 FULL-SERVICE COMMUNITY SCHOOLS.**

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings given them.

(a) "Community organization" means a nonprofit organization that has been in existence for three years or more and serves persons within the community surrounding the covered school site on education and other issues.

(b) "Community school consortium" means a group of schools and community organizations that propose to work together to plan and implement community school programming.

(c) "Community school programming" means services, activities, and opportunities described under subdivision 2, paragraph ~~(g)~~ (f).

(d) "Community-wide full-service community school leadership team" means a district-level team that is responsible for guiding the vision, policy, resource alignment, implementation, oversight, and goal setting for community school programs within the district. This team shall include representatives from the district, including teachers, school leaders, students, and family members from the eligible schools; community members; system-level partners that include representatives from government agencies, relevant unions, and nonprofit and other community-based partners; and, if applicable, the full-service community school initiative director.

(e) "Full-service community school initiative director" means a director responsible for coordinating districtwide administrative and leadership assistance to community school sites and site coordinators, including serving as chairperson for the district's community-wide full-service community school leadership team; site coordinator support; data gathering and evaluation; administration of partnership and data agreements, contracts, and procurement; and grant administration.

~~(f)~~ (f) "High-quality child care or early childhood education programming" means educational programming for preschool-aged children that is grounded in research, consistent with best practices in the field, and provided by licensed teachers.

~~(e)~~ (g) "School site" means a school site at which an applicant has proposed or has been funded to provide community school programming.

~~(f)~~ (h) "Site coordinator" ~~is an individual~~ means a full-time staff member serving one eligible school who is responsible for ~~aligning~~ the identification, implementation, and coordination of programming ~~with~~ to address the needs of the school community identified in the baseline analysis.

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to districts and charter schools with eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

~~(b) An eligible school site may receive up to \$150,000 annually.~~ Districts and charter schools may receive up to:

(1) \$100,000 for each eligible school available for up to one year to fund planning activities, including convening a full-service community school leadership team, facilitating family and community stakeholder engagement, conducting a baseline analysis, and creating a full-service community school plan. At the end of this period, the school must submit a full-service community school plan pursuant to paragraphs (d) and (e); and

(2) \$200,000 annually for each eligible school for up to three years of implementation of a full-service community school plan, pursuant to paragraphs (f) and (g). School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site. Districts or charter schools receiving funding under this section for three or more schools shall provide or contract with a partner agency to provide a full-service community school initiative director.

~~(e) Of grants awarded, implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g). If the site decides not to use planning funds, the plan must be submitted with the application.~~

~~(d)~~ (c) The commissioner shall consider additional school factors when dispensing funds including: schools with significant populations of students receiving free or reduced-price lunches; significant homeless and highly mobile rates; ~~and~~ equity among urban, suburban, and greater Minnesota schools; and demonstrated success implementing full-service community school programming.

~~(e)~~ (d) A school site must establish a full-service community school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming ~~at each covered site~~. The school leadership team shall have between at least 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents, guardians, or students and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the full-service community school leadership team must be responsible for overseeing the baseline analyses under paragraph ~~(f)~~ (e) and the creation of a full-service community school plan under paragraphs (f) and (g). A full-service community school leadership team must meet at least quarterly and have ongoing responsibility for monitoring the development and implementation of full-service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district websites.

~~(f)~~ (e) School sites must complete a baseline analysis prior to ~~beginning programming as~~ the creation of a full-service community school plan. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, ~~which shall include~~ including the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

(A) number and percentage of students with disabilities and needs of these students;

(B) number and percentage of students who are English learners and the needs of these students;

(C) number of students who are homeless or highly mobile; ~~and~~

(D) number and percentage of students receiving free or reduced-price lunch and the needs of these students; and

(E) number and percentage of students by race and ethnicity;

(iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;

(iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including; but not limited to; American Indian students and students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;

(v) analysis of school achievement data disaggregated by major demographic categories, including; but not limited to; race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;

(vi) analysis of current parent engagement strategies and their success; and

(vii) evaluation of the need for and availability of ~~wraparound services~~ full-service community school activities, including, but not limited to:

~~(A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and~~

~~(B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;~~

(A) integrated student supports that address out-of-school barriers to learning through partnerships with social and health service agencies and providers, and may include medical, dental, vision care, and mental health services or counselors to assist with housing, transportation, nutrition, immigration, or criminal justice issues;

(B) expanded and enriched learning time and opportunities, including before-school, after-school, weekend, and summer programs that provide additional academic instruction, individualized academic support, enrichment activities, and learning opportunities that emphasize real-world learning and community problem solving and may include art, music, drama, creative writing, hands-on experience with engineering or science, tutoring and homework help, or recreational programs that enhance and are consistent with the school's curriculum;

(C) active family and community engagement that brings students' families and the community into the school as partners in education and makes the school a neighborhood hub, providing adults with educational opportunities that may include adult English as a second language classes, computer skills, art, or other programs that bring community members into the school for meetings or events; and

(D) collaborative leadership and practices that build a culture of professional learning, collective trust, and shared responsibility and include a school-based full-service community school leadership team, a full-service community school site coordinator, a full-service community school initiative director, a community-wide leadership team, other leadership or governance teams, teacher learning communities, or other staff to manage the joint work of school and community organizations;

~~(2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a, including documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who that may be able to provide support and resources; and~~

~~(3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:~~

- ~~(i) the need for high-quality, full-day child care and early childhood education programs;~~
- ~~(ii) the need for physical and mental health care services for children and adults; and~~
- ~~(iii) the need for job training and other adult education programming.~~

~~(e)~~ (f) Each school site receiving funding under this section must establish develop a full-service community school plan that utilizes and aligns district and community assets and establishes services in at least two of the following types of programming:

(1) early childhood:

(i) early childhood education; and

(ii) child care services;

(2) academic:

(i) academic support and enrichment activities, including expanded learning time;

(ii) summer or after-school enrichment and learning experiences;

(iii) job training, internship opportunities, and career counseling services;

(iv) programs that provide assistance to students who have been chronically absent, truant, suspended, or expelled; and

(v) specialized instructional support services;

(3) parental involvement:

(i) programs that promote parental involvement and family literacy;

(ii) parent leadership development activities that empower and strengthen families and communities, provide volunteer opportunities, or promote inclusion in school-based leadership teams; and

(iii) parenting education activities;

(4) mental and physical health:

(i) mentoring and other youth development programs, including peer mentoring and conflict mediation;

(ii) juvenile crime prevention and rehabilitation programs;

(iii) home visitation services by teachers and other professionals;

(iv) developmentally appropriate physical education;

(v) nutrition services;

(vi) primary health and dental care; and

(vii) mental health counseling services;

(5) community involvement:

- (i) service and service-learning opportunities;
- (ii) adult education, including instruction in English as a second language; and
- (iii) homeless prevention services;
- (6) positive discipline practices; and

(7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.

~~(h)~~ (g) The full-service community school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:

- (1) timely establishment and consistent operation of the school leadership team;
- (2) maintenance of attendance records in all programming components;
- (3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;
- (4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;
- (5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;
- (6) ensuring compliance with the district nondiscrimination policy; and
- (7) plan for school leadership team development.

Subd. 3. **Full-service community school review.** (a) ~~Every three years,~~ A full-service community school site must submit to the commissioner, and make available at the school site and online, a report describing efforts to integrate community school programming at each covered school site and the effect of the transition to a full-service community school on participating children and adults. This report shall include, but is not limited to, the following:

- (1) an assessment of the effectiveness of the school site in development or implementing the community school plan;
- (2) problems encountered in the design and execution of the community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;
- (3) the operation of the school leadership team and its contribution to successful execution of the community school plan;
- (4) recommendations for improving delivery of community school programming to students and families;

(5) the number and percentage of students receiving community school programming who had not previously been served;

(6) the number and percentage of nonstudent community members receiving community school programming who had not previously been served;

(7) improvement in retention among students who receive community school programming;

(8) improvement in academic achievement among students who receive community school programming;

(9) changes in student's readiness to enter school, active involvement in learning and in their community, physical, social and emotional health, and student's relationship with the school and community environment;

(10) an accounting of anticipated local budget savings, if any, resulting from the implementation of the program;

(11) improvements to the frequency or depth of families' involvement with their children's education;

(12) assessment of community stakeholder satisfaction;

(13) assessment of institutional partner satisfaction;

(14) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

(15) increases in access to services for students and their families; and

(16) the degree of increased collaboration among participating agencies and private partners.

(b) Reports submitted under this section shall be evaluated by the commissioner with respect to the following criteria:

(1) the effectiveness of the school or the community school consortium in implementing the full-service community school plan, including the degree to which the school site navigated difficulties encountered in the design and operation of the full-service community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;

(2) the extent to which the project has produced lessons about ways to improve delivery of community school programming to students;

(3) the degree to which there has been an increase in the number or percentage of students and nonstudents receiving community school programming;

(4) the degree to which there has been an improvement in retention of students and improvement in academic achievement among students receiving community school programming;

(5) local budget savings, if any, resulting from the implementation of the program;

(6) the degree of community stakeholder and institutional partner engagement;

(7) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

(8) increases in access to services for students and their families; and

(9) the degree of increased collaboration among participating agencies and private partners.

Sec. 52. **[124D.475] CREDIT FOR EMPLOYMENT WITH HEALTH CARE PROVIDERS.**

Consistent with the career and technical pathways program, a student in grade 11 or 12 who is employed by an institutional long-term care or licensed assisted living facility, a home and community-based services and supports provider, a hospital or health system clinic, or a child care center may earn up to two elective credits each year toward graduation under section 120B.024, subdivision 1, paragraph (a), clause (7), at the discretion of the enrolling school district or charter school. A student may earn one elective credit for every 350 hours worked, including hours worked during the summer. A student who is employed by an eligible employer must submit an application, in the form or manner required by the school district or charter school, for elective credit to the school district or charter school in order to receive elective credit. The school district or charter school must verify the hours worked with the employer before awarding elective credit.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 school year and later.

Sec. 53. Minnesota Statutes 2022, section 124D.59, subdivision 2a, is amended to read:

Subd. 2a. **English learner; limited or interrupted formal education.** Consistent with subdivision 2, an English learner ~~includes an English learner with an~~ limited or interrupted formal education ~~is an English learner under subdivision 2 who meets three of the following five requirements:~~

~~(1) comes from a home where the language usually spoken is other than English, or usually speaks a language other than English;~~

~~(2) enters school in the United States after grade 6;~~

~~(3) has at least two years less schooling than the English learner's peers;~~

~~(4) functions at least two years below expected grade level in reading and mathematics; and~~

~~(5) may be preliterate in the English learner's native language. has at least two fewer years of schooling than the English learner's peers when entering school in the United States.~~

Sec. 54. Minnesota Statutes 2022, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), and a pupil with a disability until the pupil is 22 years of age, is eligible to participate in the graduation incentives program, if the pupil:

- (1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;
- (2) is behind in satisfactorily completing coursework or obtaining credits for graduation;
- (3) is pregnant or is a parent;
- (4) has been assessed as having substance use disorder;
- (5) has been excluded or expelled according to sections 121A.40 to 121A.56;
- (6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;
- (7) is a victim of physical or sexual abuse;
- (8) has experienced mental health problems;
- (9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;
- (10) speaks English as a second language or is an English learner;
- (11) has withdrawn from school or has been chronically truant; or
- (12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

(b) ~~A pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age, and is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section; if the pupil otherwise qualifies under paragraph (a), is at least 21 years of age and not yet 22 years of age, and:~~

(1) is an English learner with a limited or interrupted formal education according to section 124D.59, subdivision 2a; or

(2) meets three of the following four requirements:

(i) comes from a home where the language usually spoken is other than English, or usually speaks a language other than English;

(ii) enters school in the United States after grade 6;

(iii) functions at least two years below expected grade level in reading and mathematics; and

(iv) may be preliterate in the English learner's native language.

Sec. 55. Minnesota Statutes 2022, section 124D.68, subdivision 3, is amended to read:

Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2 may enroll in a state-approved alternative program under sections 123A.05 to 123A.08.

(b) A pupil who is eligible according to subdivision 2 and who is a high school junior or senior may enroll in postsecondary courses under section 124D.09.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program.

(d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services. However, notwithstanding other provisions of this section, only a pupil who is eligible under subdivision 2, clause (12), may enroll in a contract alternative school that is specifically structured to provide educational services to such a pupil.

(e) A pupil who is between the ages of ~~16~~ 17 and 21 may enroll in any adult basic education programs approved under section 124D.52 and operated under the community education program contained in section 124D.19.

Sec. 56. Minnesota Statutes 2022, section 124D.861, subdivision 2, is amended to read:

Subd. 2. **Plan implementation; components.** (a) The school board of each eligible district must formally develop and implement a long-term plan under this section. The plan must be incorporated into the district's comprehensive strategic plan under section 120B.11. ~~Plan components may include: innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices; family engagement initiatives that involve families in their students' academic life and success; professional development opportunities for teachers and administrators focused on improving the academic achievement of all students, including teachers and administrators who are members of populations underrepresented among the licensed teachers or administrators in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school; increased programmatic opportunities and effective and more diverse instructors focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students; or recruitment and retention of teachers and administrators with diverse racial and ethnic backgrounds.~~

(b) The plan must contain goals for:

(1) reducing the disparities in academic achievement and in equitable access to effective and more diverse teachers among all students and specific categories of students under section 120B.35, subdivision 3, paragraph (b), excluding the student categories of gender, disability, and English learners; and

(2) increasing racial and economic diversity and integration in schools and districts.

(c) The plan must include strategies to validate, affirm, embrace, and integrate cultural and community strengths of all students, families, and employees in the district's curriculum as well as learning and work environments. The plan must address issues of institutional racism as defined in section 120B.11, subdivision 1, in schools that create opportunity and achievement gaps for students, families, and staff who are of color or who are American Indian. Examples of institutional racism experienced by students who are of color or who are American Indian include policies and practices that intentionally or unintentionally result in disparate discipline referrals and suspension, inequitable access to advanced coursework, overrepresentation in lower-level coursework, inequitable participation in cocurricular activities, inequitable parent involvement, and lack of equitable access to racially and ethnically diverse teachers who reflect the racial or ethnic diversity of students because it has not been a priority to hire or retain such teachers.

(d) School districts must use local data, to the extent practicable, to develop plan components and strategies. Plans may include:

(1) innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices;

(2) family engagement initiatives that involve families in their students' academic life and success and improve relations between home and school;

(3) opportunities for students, families, staff, and community members who are of color or American Indian to share their experiences in the school setting with school staff and administration and to inform the development of specific proposals for making school environments more validating, affirming, embracing, and integrating of their cultural and community strengths;

(4) professional development opportunities for teachers and administrators focused on improving the academic achievement of all students, including knowledge, skills, and dispositions needed to be antiracist and culturally sustaining as defined in section 120B.11, subdivision 1, for serving students who are from racially and ethnically diverse backgrounds;

(5) recruitment and retention of teachers, administrators, cultural and family liaisons, paraprofessionals, and other staff from racial, ethnic, and linguistic backgrounds represented in the student population to strengthen relationships with all students, families, and other members of the community;

(6) collection, examination, and evaluation of academic and discipline data for institutional racism as defined in section 120B.11, subdivision 1, in structures, policies, and practices that result in the education disparities, in order to propose antiracist changes as defined in section 120B.11, subdivision 1, that increase access, meaningful participation, representation, and positive outcomes for students of color and American Indian students;

(7) increased programmatic opportunities and effective and more diverse instructors focused on rigor and college and career readiness for students who are impacted by racial, gender, linguistic, and economic disparities, including students enrolled in area learning centers or alternative learning programs under section 123A.05, state-approved alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students;

(8) instruction in ethnic studies, as defined in section 120B.25, to provide all students with opportunities to learn about their own and others' cultures and historical experiences; or

(9) examination and revision of district curricula in all subjects to be inclusive of diverse racial and ethnic groups while meeting state academic standards and being culturally sustaining as defined in section 120B.11, subdivision 1, ensuring content being studied about any group is accurate and based in knowledge from that group.

~~(b)~~ (e) Among other requirements, an eligible district must implement effective, research-based interventions that include ~~formative~~ multiple measures of assessment practices and engagement in order to reduce the eliminate academic disparities in student academic performance among the specific categories of students as measured by student progress and growth on state reading and math assessments and for students impacted by racial, gender, linguistic, and economic inequities as aligned with section 120B.11.

~~(e)~~ (f) Eligible districts must create efficiencies and eliminate duplicative programs and services under this section, which may include forming collaborations or a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

**EFFECTIVE DATE.** This section is effective for all plans reviewed and updated after the day following final enactment.

Sec. 57. Minnesota Statutes 2022, section 124D.862, subdivision 8, is amended to read:

Subd. 8. **Commissioner authority to withhold revenue.** (a) The commissioner must review the results of each district's integration and achievement plan by August 1 at the end of the third year of implementing the plan and determine if the district met its goals.

(b) If a district met its goals, it may submit a new three-year plan to the commissioner for review.

(c) If a district has not met its goals, the commissioner must:

(1) ~~develop a guide the district in the development of an~~ improvement plan and timeline, in consultation with the affected district, that identifies strategies and practices designed to meet the district's goals under this section and section 120B.11; and

(2) use up to 20 percent of the district's integration revenue, until the district's goals are reached, to implement the improvement plan.

Sec. 58. Minnesota Statutes 2022, section 125A.08, is amended to read:

**125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.**

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined

appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. Before a school district evaluation team makes a determination of other health disability under Minnesota Rules, part 3525.1335, subparts 1 and 2, item A, subitem (1), the evaluation team must seek written documentation of the student's medically diagnosed chronic or acute health condition signed by a licensed physician or a licensed health care provider acting within the scope of the provider's practice. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded. If the individualized education program meets the plan components in section 120B.125, the individualized education program satisfies the requirement and no additional transition plan is needed;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) within five days of beginning to work alone with an individual student with a disability, the assigned paraprofessional must be either given paid time, or time during the school day, to review a student's individualized education program or be briefed on the student's specific needs by appropriate staff;

~~(2)~~ (3) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

~~(3)~~ (4) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

(d) A school district may conduct a functional behavior assessment as defined in Minnesota Rules, part 3525.0210, subpart 22, as a stand-alone evaluation without conducting a comprehensive evaluation of the student in accordance with prior written notice provisions in section 125A.091, subdivision 3a. A parent or guardian may request that a school district conduct a comprehensive evaluation of the parent's or guardian's student.

#### Sec. 59. INNOVATIVE INCUBATOR SERVICE-LEARNING GRANTS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Eligible school" means a school district or school site operated by a school district, charter school, or Tribal contract or grant school eligible for state aid under Minnesota Statutes, section 124D.83, or cooperative unit under Minnesota Statutes, section 123A.24, subdivision 2.

(c) "Eligible service-learning partnership" means a partnership that includes an eligible school and at least one community-based organization, community education program, state or federal agency, or political subdivision. An eligible service-learning partnership may include other individuals or entities, such as a postsecondary faculty member or institution, parent, other community member, local business or business organization, or local media representative. A school district member in an eligible service-learning partnership may participate in the partnership through a community education program established under Minnesota Statutes, section 124D.19.

Subd. 2. Establishment; eligibility criteria; application requirements. (a) A technical assistance and grant program is established to initiate or expand and strengthen innovative service-learning opportunities for students in kindergarten through grade 12; increase student engagement and academic achievement; help close the academic achievement gap and the community, college, and career opportunity gaps; and create a positive school climate and safer schools and communities.

(b) At least one teacher, administrator, or program staff member and at least one service-learning specialist, service-learning coordinator, curriculum specialist, or other qualified employee employed by an eligible school and designated to develop and share expertise in implementing service-learning best practices must work with students to form a student-adult partnership. Before developing and submitting a grant application to the department, a participating student must work with at least one adult who is part of the initial partnership to identify a need or opportunity to pursue through a service-learning partnership and invite at least one partner to collaborate in developing and submitting a grant application. The fiscal agent for the grant to an eligible service-learning partnership is an eligible school that is a member of the partnership or has a program that is a member of the partnership.

(c) An eligible service-learning partnership receiving an innovation service-learning grant must:

(1) include at least two or more enrolled students; two or more school employees of an eligible school in accordance with paragraph (b); and an eligible community-based organization, community education program, state or federal agency, or political subdivision; and

(2) assist students to:

(i) actively participate in service-learning experiences that meet identified student and community needs or opportunities;

(ii) operate collaboratively with service-learning partnership members;

(iii) align service-learning experiences with at least one state or local academic standard, which may include a local career and technical education standard;

(iv) apply students' knowledge and skills in their community and help solve community problems or address community opportunities;

(v) foster students' civic engagement; and

(vi) explore or pursue career pathways and support career and college readiness.

(d) An eligible service-learning partnership interested in receiving a grant must apply to the commissioner of education in the form and manner determined by the commissioner. The partnership must work with an eligible school. Consistent with this subdivision, the application must describe the eligible service-learning partnership plan to:

(1) incorporate student-designed and student-led service-learning into the school curriculum or specific courses or across subject areas;

(2) provide students with instruction and experiences using service-learning best practices during the regular school day with an option to supplement their service-learning experiences outside of the school day;

(3) align service-learning experiences with at least one state or local academic standard, which may include a local career or technical education standard, and at least one goal of the world's best workforce in accordance with Minnesota Statutes, section 120B.11, or the state plan submitted and approved under the most recent reauthorization of the Elementary and Secondary Education Act;

(4) make implementing service-learning best practices an educational priority;

(5) provide student-designed, student-led service-learning experiences that help meet community needs or develop or advance community opportunities; and

(6) identify at least one eligible school teacher, administrator, or program staff member and at least one service-learning specialist, service-learning coordinator, curriculum specialist, or other qualified eligible school employee designated to develop and share expertise in implementing service-learning best practices to work with students to form a student-adult partnership that includes at least one community-based organization, community education program, state or federal agency, or political subdivision.

Subd. 3. **Innovation grants.** The commissioner of education must award up to 32 grants of up to \$50,000 each to allow eligible partnerships to provide student-designed, student-led service-learning opportunities consistent with this section. Grant awards must be equitably distributed throughout Minnesota by congressional district. The commissioner may designate start-up or leader grant categories with differentiated maximum grant dollar amounts up to \$50,000. A grantee designated as a leader grantee may be required to meet additional leader grant requirements as established by the commissioner in the grant application criteria developed by the commissioner. In order to receive a grant, a partnership must provide a 50 percent match in funds or in-kind contributions unless the commissioner waives the match requirement for an applicant serving a high number of students whose families meet federal poverty guidelines. A partnership grantee must allocate the grant amount according to its grant application. The partnership must convey 50 percent of the actual grant amount to at least one community-based organization, community education program, state or federal agency, or political subdivision to help implement or defray the direct costs of carrying out the service-learning strategies and activities described in the partnership's grant application.

Subd. 4. **Report.** A grantee must report to the commissioner on the educational and developmental outcomes of participating students and the eligible school's progress toward meeting at least one goal of the world's best workforce goals in accordance with Minnesota Statutes, section 120B.11, or the state plan submitted and approved under the most recent reauthorization of the Elementary and Secondary Education Act. A grantee must report on the community outcomes achieved through student service-learning experiences and the corresponding student service activities. The commissioner must submit a report on participating student and community outcomes under this section to the legislative committees with jurisdiction over kindergarten through grade 12 education by February 15, 2025.

**Sec. 60. ETHNIC STUDIES WORKING GROUP.**

Subdivision 1. **Working group established.** (a) The Ethnic Studies Working Group is established to advise the commissioner of education on an ethnic studies framework and resources necessary to implement ethnic studies requirements under Minnesota Statutes, section 120B.251. The commissioner must appoint members of the working group by April 1, 2024, with input from the Minnesota Ethnic Studies Coalition.

(b) The Ethnic Studies Working Group must have 25 members with a demonstrated commitment to ethnic studies, as follows:

(1) five community members with a demonstrated commitment to ethnic studies or education about Minnesota's racial, ethnic, religious, national origin, gender, sexual orientation, or cultural diversity;

(2) four public school students in grades 11 and 12;

(3) three parents or guardians of public kindergarten through grade 12 students;

(4) three Minnesota-based, college-level faculty experts in ethnic studies;

(5) three ethnic studies high school teachers;

(6) four teachers with experience teaching ethnic studies to students in kindergarten to grade 8;  
and

(7) three school board members or school administrators.

(c) Demographics of the working group must be inclusive and represent the diversity of the state, including racial, ethnic, and geographic diversity, and diversity related to gender and sexual orientation, immigrant status, disability status, and religious and linguistic background.

Subd. 2. **Duties.** (a) The working group must review available ethnic studies instructional resources in order to:

(1) develop an ethnic studies framework with advisory guidelines for ethnic studies courses required under Minnesota Statutes, section 120B.251;

(2) recommend professional learning requirements for educators and staff to facilitate the successful implementation of ethnic studies courses;

(3) recommend resources and materials school districts and charter schools may use to implement ethnic studies requirements and standards;

(4) identify or develop instructional resources that school districts and charter schools may use in accordance with Minnesota Statutes, section 120B.251; and

(5) complete other tasks the working group considers pertinent to supporting the ability of teachers and school district staff to facilitate the successful implementation of the ethnic studies requirements under Minnesota Statutes, section 120B.251.

(b) By October 31, 2024, the working group must provide the ethnic studies framework and other recommendations related to ethnic studies to the commissioner of education.

Subd. 3. **Meetings.** The working group must convene on at least a bimonthly basis and must hold the first meeting no later than May 1, 2024.

Subd. 4. **Administration.** The commissioner must provide meeting space and technical assistance for the working group.

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

Sec. 61. **COMPUTER SCIENCE EDUCATION ADVANCEMENT PROGRAM.**

Subdivision 1. **Definitions.** (a) "Computer science" means the study of computers and algorithmic processes, including their principles, their hardware and software designs, their implementation, and their impact on society.

(b) "Computer science courses and content" means courses at:

(1) elementary and middle schools that teach computer science as standalone implementations or embedded in other subjects; and

(2) high schools that teach computer science as standalone courses and focus on teaching students how to create new technologies.

(c) "High-quality computer science educator training" means activities that:

(1) clarify the conceptual foundations of computer science;

(2) teach research-based practices, including hands-on and inquiry-based learning;

(3) are primarily intended for existing teachers with or without prior exposure to computer science with options for advanced training for teachers; and

(4) align to existing integrated computer science standards in Minnesota or nationally recognized standards, including the Computer Science Teachers' Association's kindergarten through grade 12 computer science education standards.

(d) "High-quality computer science professional learning providers" means institutions of higher education, nonprofits, other state-funded entities, or private entities that have successfully designed, implemented, and scaled high-quality computer science professional learning for teachers as defined in paragraph (c).

(e) "STEAM" means science, technology, engineering, arts, and mathematics.

Subd. 2. **Computer science education supervisor.** The Department of Education must employ a computer science supervisor dedicated to:

(1) the implementation of this section and the implementation of the computer science education strategic plan developed by the working group under subdivision 3;

(2) outreach to districts that need additional supports to create or advance their computer science programs; and

(3) supporting districts in using existing and available resources for districts to create and advance their computer science programs.

Subd. 3. **Computer science working group.** (a) The Department of Education shall establish a computer science education working group to develop a state strategic plan for long-term and sustained growth of computer science education in all kindergarten through grade 12 school districts and charter schools. The commissioner of education must appoint members of the working group by October 1, 2023.

(b) Demographics of the working group must be inclusive and represent the diversity of the state, including but not limited to racial, ethnic, and geographic diversity, and diversity related to gender and sexual orientation.

(c) Meetings of the advisory committee are subject to the Open Meeting Law under Minnesota Statutes, chapter 13D.

(d) The computer science education advisory committee shall consist of the following members:

(1) the commissioner of education or the commissioner's designee;

(2) the commissioner of higher education or the commissioner's designee;

(3) one representative of the Professional Educator Licensing and Standards Board;

(4) one representative of the Computer Science Teachers Association of Minnesota;

(5) one representative from the business community employing computer scientists or technologists;

(6) one representative from the Minnesota Technology Association;

(7) one representative from a nonprofit organization working with students and teachers in computer science;

(8) one representative from the Minnesota Association of School Administrators;

(9) one representative from Education Minnesota;

(10) one representative from the Minnesota Association of Colleges for Teacher Education;

(11) one representative from CSforAll Minnesota;

(12) one licensed library media specialist;

(13) one representative from the Minnesota School Boards Association;

(14) one representative from SciMathMN;

(15) one representative from the Tribal Nations Education Committee;

(16) one high school student enrolled in a school with fewer than 1,000 students and one high school student enrolled in a school with more than 1,000 students; and

(17) four computer science teachers that teach at schools of different sizes, including at least one teacher of students in kindergarten to grade 5, one teacher of students in grades 6 to 8, and one teacher of students in grades 9 to 12, and one career and technical education teacher.

(e) The computer science education working group shall develop a state strategic plan for a statewide computer science education program that includes but is not limited to:

(1) a statement of purpose that describes the objectives or goals the Department of Education will accomplish by implementing a computer science education program, the strategies by which those goals will be achieved, and a timeline for achieving those goals;

(2) a summary of the current state landscape for kindergarten through grade 12 computer science education, including diversity of students taking these courses;

(3) the creation or expansion of flexible options to license computer science teachers, which may include approval codes, technical permits, ancillary licenses, and standard licenses;

(4) a description of how the state will support the expansion of computer science education opportunities in every public school and public charter school in the state within five years, with a focus on ensuring equitable access;

(5) identifying high-quality computer science professional learning providers for teachers;

(6) an ongoing evaluation process that is overseen by the Department of Education;

(7) proposed rules that incorporate the principles of the state strategic plan into the state's public education system as a whole;

(8) recommendations for long-term expansion and sustainability of computer science education, including:

(i) implementation of a requirement that every kindergarten through grade 12 public school and public charter school employs at least one certified or endorsed computer science teacher, which may be met through multiple approved processes for certification and endorsement, including but not limited to endorsing a certified teacher as determined by the Professional Educator Licensing and Standards Board endorsed in another subject area;

(ii) expansion of a high school credit equivalency for computer science;

(iii) the development of standalone kindergarten through grade 12 standards for computer science; and

(iv) training preservice teachers in computer science education; and

(9) a description of existing gaps in computer science education access, participation, and success by geography and subgroup of students and a description of how to equitably address these gaps.

(f) By February 29, 2024, the Department of Education shall publish the proposed state strategic plan for public feedback.

(g) By March 22, 2024, the Department of Education shall present the adopted state strategic plan described in paragraph (c) to the chairs of the legislative committees with jurisdiction over education.

(h) The commissioner of education, or the commissioner of education's designee, may approve updates and changes to the state strategic plan described in paragraph (c) as necessary for the successful implementation of kindergarten through grade 12 computer science education.

(i) The Department of Education shall update the legislative committees with jurisdiction over education on all changes to the strategic plan described in paragraph (c) approved by the commissioner of education's designee since the last presentation to each respective entity.

Subd. 4. **Computer science educator training and capacity building.** (a) The Department of Education shall develop and implement, or award grants or subcontract with eligible entities, for the development and implementation of high-quality, coordinated teacher recruitment and educator training programs for computer science courses and content as defined in subdivision 1 and aligned to the state strategic plan as developed under subdivision 3.

(b) For the purposes of this subdivision, eligible entities include:

(1) a consortium of local educational agencies in the state; and

(2) high-quality computer science professional learning providers, including institutions of higher education in the state that are reasonably accessible geographically to all Minnesota educators, nonprofits, other state-funded entities, or private entities working in partnership with a consortium of local educational agencies.

(c) For purposes of this subdivision, eligible uses of funding include:

(1) high-quality professional learning opportunities for kindergarten through grade 12 computer science content that:

(i) are created and delivered in a consistent manner across the state;

(ii) are made available with no out-of-pocket expenses to educators, including teachers, counselors, administrators, and other district employees as approved by the Department of Education, schools, and school districts;

(iii) are made available asynchronously online, in person, and online or hybrid as determined appropriate by the Department of Education; and

(iv) include introductory, intermediate, and advanced trainings aligned to the kindergarten through grade 12 academic standards or, as necessary, other standards approved by the Department

of Education, specified for each of the grade bands kindergarten through grade 2, grades 3 to 5, grades 6 to 8, and grades 9 to 12;

(2) professional learning opportunities for educators of students in grades 9 to 12 that may include trainings for advanced placement, international baccalaureate, and concurrent enrollment credit computer science courses;

(3) travel expenses for kindergarten through grade 12 computer science teachers:

(i) for attending training opportunities under clauses (1) and (2); and

(ii) deemed appropriate and approved by the commissioner of education, or the commissioner of education's designee;

(4) any future credentialing for kindergarten through grade 12 computer science teachers, including Career and Technical Education and academic endorsements;

(5) supports for kindergarten through grade 12 computer science professional learning, including mentoring and coaching;

(6) creation and deployment of resources to promote training opportunities and recruitment of kindergarten through grade 12 computer science teachers;

(7) creation or purchase of resources to support implementation approved by the commissioner of education, or the commissioner of education's designee;

(8) creation and deployment of resources to promote learning opportunities or recruit students to engage in the learning opportunities;

(9) development of teacher credentialing programs;

(10) planning for districts to implement or expand computer science education opportunities; and

(11) employment, or grant for employment, of personnel or contractors to oversee the statewide initiative, develop programs and trainings, and deliver training opportunities under clause (1).

(d) As a condition of receiving any funding through grants or subcontracts, eligible entities must submit an application to the Department of Education. The application must, at a minimum, address how the entity will:

(1) reach new and existing teachers with little to no computer science background;

(2) attract and support educators from schools that currently do not have established computer science education programs;

(3) use research- or evidence-based practices for high-quality professional development;

(4) focus the professional learning on the conceptual foundations of computer science;

(5) reach and support subgroups underrepresented in computer science;

(6) provide teachers with concrete experience through hands-on, inquiry-based practices;

(7) accommodate the particular teacher and student needs in each district and school; and

(8) ensure that participating districts begin offering courses or content within the same or subsequent school year after the teacher receives the professional learning.

(e) The Department of Education shall prioritize the following applications:

(1) consortiums of local educational agencies that are working in partnership with providers of high-quality professional learning for kindergarten through grade 12 computer science;

(2) proposals that describe strategies to increase enrollment overall, including but not limited to subgroups of students that are traditionally underrepresented in computer science; and

(3) proposals from rural or urban areas with a low penetration of kindergarten through grade 12 computer science offerings, including local education consortiums within these areas.

(f) The award recipient shall report, for all funding received under this section annually, at a minimum:

(1) the number of teachers:

(i) trained within each elementary, middle, and high school; and

(ii) trained within trainings offered as outlined in paragraph (c), clause (1), item (iv);

(2) the number of trainings offered in advanced placement, international baccalaureate, and concurrent enrollment credit computer science courses; and

(3) the number of teachers, and percentage of teachers trained, that started implementing computer science courses limited to middle and high school implementation.

(g) The Department of Education shall make these reports public. The publicly released data shall not include student-level personally identifiable information.

Subd. 5. **Teacher preparation.** On and after July 1, 2027, any program of teacher preparation leading to professional certification shall include, as part of the curriculum, instruction in computer science as applied to student learning and classroom instruction that are grade-level and subject-area appropriate.

Subd. 6. **Computer science education data collection.** (a) The Department of Education shall require all high schools to report data and information about computer science course offerings and enrollment.

(b) The Department of Education shall develop a plan for the secure and regular reporting of computer science course offerings and enrollment data from schools with kindergarten to grade 8 bands within 90 days of enactment of this act.

(c) Data collected in processes described in paragraphs (a) and (b) should be disaggregated by gender, race, ethnicity, free and reduced-price lunch status, Individuals with Disabilities Education Act status, 504 status, and English language learner status.

Subd. 7. **Adoption of rules.** The Department of Education and Professional Educator Standards and Licensing Board may adopt rules under this section, including rules for flexible options to license computer science teachers, approval codes, technical permits, ancillary licenses, and standard licenses.

Sec. 62. **PILOT PROGRAM TO IMPROVE EDUCATIONAL OUTCOMES AND ACCOUNTABILITY.**

Subdivision 1. **Program goal.** (a) A pilot program is established to support Pillsbury United Communities in developing a framework to evaluate school performance in improving educational outcomes for students. Participation in the pilot program is limited to up to eight high schools within the group of charter schools authorized by Pillsbury United Communities that apply to participate in the pilot program. The framework must:

(1) establish goals for each participating school based on engagement with students, families, and community leaders;

(2) support schools in continuing improvement efforts; and

(3) use data to measure performance of students beyond tests scores, graduation rates, and the world's best workforce goals.

(b) The performance measures under Minnesota Statutes, section 120B.11, subdivision 1a, do not apply to a school participating in the pilot program, and participating schools are not required to submit reports under Minnesota Statutes, section 120B.11, to the Department of Education while the school is participating in the pilot program. A school participating in the pilot must continue to administer the Minnesota Comprehensive Assessments in accordance with Minnesota Statutes, section 120B.30.

(c) School goals established under the framework may include, but are not limited to:

(1) student attendance or engagement with coursework;

(2) reading or math growth as measured by a locally adopted assessment;

(3) participation in college-level coursework or an industry-recognized program;

(4) student participation in community engagement activities;

(5) family participation in conferences with teachers; and

(6) school board completion of training to improve governance.

Subd. 2. **Performance measures.** For each school in the pilot program, the equity-focused framework must:

(1) measure total enrollment, including the percentage of enrolled students disaggregated by characteristics of race and ethnicity, gender, age, economic disadvantage, disability, homelessness, number of schools attended, foster-system involvement, or other categories required by the department;

(2) describe basic needs support provided by the school to students, family members, and community members;

(3) measure the number of students who receive support of the following types of social-emotional and mental health support: (i) individual meetings with licensed mental health professionals; (ii) peer support groups; (iii) referrals to community resources; and (iv) other social-emotional and mental health services provided by the school;

(4) describe flexible, personalized, and innovative instruction provided by the school;

(5) describe culturally and real-life relevant curriculum provided by the school, including students learning about the experiences of People of Color through a contextually accurate history of Minnesota's Indigenous people;

(6) measure the number and percentage of students provided opportunities for student identity development, including cultural identity;

(7) measure the number and percentage of students provided opportunities for student career exploration and preparation;

(8) measure the number and percentage of students participating in at least one extracurricular activity;

(9) measure the number of restorative-justice interventions and the number of suspensions and expulsions per school;

(10) describe family engagement practices by the school;

(11) describe community engagement practices by the school; and

(12) describe teacher and staff training about antiracism, anti-bias, or equity, and the average weekly time provided for teacher collaboration.

Subd. 3. **Report.** By September 1, 2025, Pillsbury United Communities must report to the legislative committees with jurisdiction over kindergarten through grade 12 education data on school and student performance measurements based on the goals established for each participating school. The report must identify the percentage of each goal that each school attained.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 63. **WORKING GROUP ON EDUCATION ON THE HOLOCAUST, GENOCIDE OF INDIGENOUS PEOPLES, AND OTHER GENOCIDES.**

Subdivision 1. **Working group established.** (a) The Working Group on Education on the Holocaust, Genocide of Indigenous Peoples, and Other Genocides is established to advise the

commissioner of education and develop resources necessary to implement requirements for education on the Holocaust, genocide of Indigenous Peoples, and other genocides. The commissioner must appoint members of the working group by April 1, 2024, based on the guidance and recommendations from the cochairs of the working group.

(b) The Working Group on Education on the Holocaust, Genocide of Indigenous Peoples, and Other Genocides must have a minimum of 12 members, but no more than 21 members, consisting of the following members:

(1) at least one representative, who shall cochair the working group, from the Center for Holocaust and Genocide Studies;

(2) at least one representative, who shall cochair the working group, with expertise in training middle and high school teachers in Holocaust and other genocide education;

(3) at least one representative from the Tribal Nations Education Committee;

(4) at least one representative from a Minnesota college or university with academic expertise in the genocide of Indigenous Peoples in Minnesota or in the Americas and throughout the world;

(5) at least one additional representative from a Minnesota college or university other than the Center for Holocaust and Genocide Studies with academic expertise in the Holocaust and genocide studies;

(6) at least one representative from a Minnesota teacher licensure program with expertise in the Holocaust, genocide of Indigenous Peoples, and other genocide studies;

(7) at least three representatives from Minnesota-based nonprofit organizations, community groups, sovereign nations, or institutions of higher education whose missions include educating about and honoring the victims and survivors of displacement, genocide, and mass violence;

(8) at least one public middle or high school social studies teacher with experience teaching the Holocaust, genocide of Indigenous Peoples, or other genocides in the classroom;

(9) at least one public middle or high school English language arts teacher with experience teaching the Holocaust, genocide of Indigenous Peoples, or other genocides in the classroom; and

(10) at least one public middle or high school student with a demonstrated interest in learning about the Holocaust, genocide of Indigenous Peoples, or other genocides.

(c) At the discretion of the commissioner and in consultation with the working group cochairs, the working group may include additional experts in the fields of Holocaust and genocide studies, genocide of Indigenous Peoples or other genocides, Minnesota history, social studies education, or English language arts education, and community members with a particular interest in education on the Holocaust, genocide of Indigenous Peoples, and other genocides.

**Subd. 2. Working group duties.** (a) The working group must:

(1) advise the commissioner during the development of the social studies glossary regarding the definitions of "Holocaust," "genocide," and "incidents of mass violence";

(2) identify professional learning opportunities for teachers and public school district staff, including opportunities for continuing education to facilitate implementation of education requirements under Minnesota Statutes, section 120B.252;

(3) identify training materials, strategies, skills, content, and resources for teachers and public school district staff to successfully implement the education requirements under Minnesota Statutes, section 120B.252;

(4) develop model lesson plans that teachers and public school district staff may use to successfully implement the education requirements under Minnesota Statutes, section 120B.252;

(5) create a work plan that outlines the timeline to fulfill the duties of the working group under this subdivision;

(6) provide to the commissioner of education a list of recommended professional learning opportunities, resources, strategies, skills, content, model lesson plans, and other materials developed under this subdivision by May 1, 2025;

(7) coordinate with the commissioner to update the material and resources. The commissioner must make all reasonable efforts to make the recommended materials publicly available on the department's website by September 1, 2025, and in coordination with the working group, must update the materials and resources; and

(8) by November 15, 2025, submit to the chairs and ranking minority members of the committees of the senate and the house of representatives with primary jurisdiction over kindergarten through grade 12 education policy and finance a report containing a list of resources and materials provided to the commissioner of education for the commissioner to make available to public school districts implementing requirements for education on the Holocaust, genocide of Indigenous Peoples, and other genocides.

(b) The working group may:

(1) conduct a survey of the current state of education on the Holocaust, genocide of Indigenous Peoples, and other genocides in Minnesota public school districts with a focus on teacher preparedness, access and utilization of resources, and additional surveys of the state of education on the Holocaust, genocide of Indigenous Peoples, and other genocides following the conclusion of the 2024-2025 school year;

(2) carry out any other tasks that it considers pertinent to support the ability of teachers and public school district staff to facilitate the successful implementation of education requirements under Minnesota Statutes, section 120B.252; and

(3) apply for and accept grants and receive gifts, donations, and other financial support from private sources for the purposes of carrying out its work under this section.

Subd. 3. **Working group meetings.** The working group must convene on at least a bimonthly basis and must hold the first meeting no later than September 1, 2024.

Subd. 4. **Administration.** The commissioner must provide meeting space and technical assistance for the working group.

Subd. 5. **Expiration.** This section expires November 15, 2025, or the date upon which the working group report required under subdivision 2 is submitted to the legislature, whichever is later.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 64. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Achievement and integration aid.** (a) For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	<u>83,330,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>84,232,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$8,172,000 for 2023 and \$75,158,000 for 2024.

(c) The 2025 appropriation includes \$8,350,000 for 2024 and \$75,882,000 for 2025.

Subd. 3. **Alliance of Chicanos, Hispanics, and Latin Americans.** (a) For a grant to the Alliance of Chicanos, Hispanics, and Latin Americans (ACHLA) for the Juntos Club to support English language learners, low-income students, migrant students, and Latinx students with improving English and math proficiency:

\$	<u>300,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>200,000</u>	<u>.....</u>	<u>2025</u>

(b) The base for fiscal year 2026 and later is \$0.

Subd. 4. **Alternative programs.** (a) For a grant to the Minnesota Association of Alternative Programs STARS (Success, Teamwork, Achievement, Recognition, and Self-Esteem) program to help students in alternative programs develop employment, academic, and social skills and support student participation in trainings and conferences:

\$	<u>50,000</u>	<u>.....</u>	<u>2024</u>
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(b) Up to three percent of the appropriation is available for grant administration.

Subd. 5. **BARR Center.** (a) For grants to the Building Assets, Reducing Risks (BARR) Center, to deliver an evidence-based, research-validated program to schools:

\$	<u>5,000,000</u>	<u>.....</u>	<u>2024</u>
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(b) Consistent with Minnesota Statutes, section 127A.20, the BARR Center must apply for the grants in the form and manner specified by the commissioner of education. The BARR Center must deliver an evidence-based, research-validated program that provides school coaching support,

professional development, and curriculum and resources over a three-year period to each qualifying school site.

(c) The BARR Center must select at least 18 schools to participate in the program. The schools must be geographically balanced among urban, suburban, and rural schools, and serve high concentrations of students in poverty or high concentrations of underrepresented students, including students who are from Black, Indigenous, and People of Color communities.

(d) The grants to the BARR Center must be directed toward:

(1) improving student social and emotional skills and engagement in school;

(2) increasing opportunity and academic achievement for students of color and those experiencing poverty;

(3) improving teacher satisfaction and effectiveness; and

(4) increasing the number of students who earn a high school diploma.

(e) Up to three percent of the appropriation is available for grant administration.

(f) This is a onetime appropriation and is available until June 30, 2026.

Subd. 6. Charter school building lease aid. (a) For building lease aid under Minnesota Statutes, section 124E.22:

\$	<u>94,320,000</u>	.....	<u>2024</u>
\$	<u>98,166,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$9,047,000 for 2023 and \$85,273,000 for 2024.

(c) The 2025 appropriation includes \$9,474,000 for 2024 and \$88,692,000 for 2025.

Subd. 7. College entrance examination reimbursement. (a) To reimburse districts for the costs of college entrance examination fees for students who are eligible for free or reduced-price meals who take the ACT or SAT test under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e):

\$	<u>1,011,000</u>	.....	<u>2024</u>
\$	<u>1,011,000</u>	.....	<u>2025</u>

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

Subd. 8. COMPASS and MTSS. (a) To support the development and implementation of the MTSS framework and the Collaborative Minnesota Partnerships to Advance Student Success (COMPASS) school improvement model:

\$	<u>13,500,000</u>	.....	<u>2024</u>
\$	<u>13,500,000</u>	.....	<u>2025</u>

(b) Of this amount, \$5,000,000 each year is to support implementation of MTSS and COMPASS. Funds must be used to support increased capacity at the Department of Education and the Minnesota Service Cooperatives for implementation supports.

(c) Of this amount, \$5,000,000 each year is reserved for grants to school districts, charter schools, and cooperative units as defined in Minnesota Statutes, section 123A.24, subdivision 2, for implementation of MTSS, including: hiring local MTSS coordinators; deferring costs for personnel to participate in cohort activities and professional learning; and piloting a Department of Education One Plan, the consolidation of multiple reporting structures to streamline various applications, reports, and submissions by school districts and charter schools. Up to five percent of this amount is available for program and grant administration.

(d) Of this amount, \$3,000,000 each year must be used to develop a regional network focusing on mathematics to provide dedicated mathematics trainers and coaches to train regional support staff from the Minnesota Service Cooperatives to support school leaders and teachers to implement evidence-based instructional strategies in mathematics. Funds may also be used to host an annual Mathematics Standards-Based Instructional Institute.

(e) Of this amount, \$500,000 each year is for the University of Minnesota Center for Applied Research and Educational Improvement to support implementation and evaluation of the MTSS framework.

(f) Support for school districts, charter schools, and cooperative units under this subdivision may include but is not limited to:

(1) partnering with the Minnesota Service Cooperatives to support districts in implementing COMPASS to support schools in the areas of literacy, math, social-emotional learning, and mental health using the MTSS framework;

(2) providing support to districts and charter schools identified under Minnesota Statutes, section 120B.11;

(3) providing support to districts and charter schools in streamlining various applications, reports, and submissions to the Department of Education through One Plan;

(4) providing training, guidance, and implementation resources for MTSS, including a universal screening process approved by the Department of Education to identify students who may be at risk of experiencing academic, behavioral, and social-emotional development difficulties;

(5) providing guidance to convene school-based teams to analyze data provided by screenings and resources for related identification, instruction, and intervention methods;

(6) dyslexia screening and intervention that are evidence-based;

(7) requiring school districts and charter schools to provide parents of students identified in screenings with notice of screening findings and related support information;

(8) requiring districts and charter schools to provide at-risk students with interventions and to monitor the effectiveness of these interventions and student progress; and

(9) developing and annually reporting findings regarding the implementation of MTSS.

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

Subd. 9. **Computer science education advancement.** (a) For computer science advancement:

<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2025</u>

(b) Of this amount, \$150,000 is for the computer science supervisor.

(c) Eligible uses of the appropriation include expenses related to the implementation of article 2, section 61, and expenses related to the development, advancement, and promotion of kindergarten through grade 12 computer science education.

(d) Any balance in the first year does not cancel and is available in the second year.

Subd. 10. **Concurrent enrollment aid.** (a) For concurrent enrollment aid under Minnesota Statutes, section 124D.091:

<u>\$</u>	<u>4,000,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>4,000,000</u>	<u>.....</u>	<u>2025</u>

(b) If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each school district.

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

Subd. 11. **Early childhood literacy programs.** (a) For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

<u>\$</u>	<u>7,950,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>7,950,000</u>	<u>.....</u>	<u>2025</u>

(b) Up to \$7,950,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota reading corps program established by ServeMinnesota, including costs associated with training and teaching early literacy skills to children ages three through grade 3 and evaluating the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

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

Subd. 12. **Educational outcomes and accountability pilot program.** (a) For a grant to Pillsbury United Communities to implement a framework to improve educational outcomes and accountability in accordance with article 2, section 62:

<u>\$</u>	<u>150,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>150,000</u>	<u>.....</u>	<u>2025</u>

(b) The department may retain up to five percent of the appropriation to administer the grant.

(c) This is a onetime appropriation.

(d) The appropriation is available until June 30, 2026.

Subd. 13. **Ethnic studies community consultation.** To consult with community members throughout Minnesota on the development of ethnic studies curricula, resources, and implementation support:

\$	150,000	.....	2024
\$	150,000	.....	2025

Subd. 14. **Ethnic studies school grants.** (a) For competitive grants to school districts and charter schools to develop, evaluate, and implement ethnic studies courses:

\$	700,000	.....	2024
\$	700,000	.....	2025

(b) The commissioner must consult with the Ethnic Studies Working Group to develop criteria for the grants.

(c) Up to five percent of the appropriation is available for grant administration.

Subd. 15. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$	4,500,000	.....	2024
\$	4,500,000	.....	2025

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and International Baccalaureate Minnesota, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations, shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

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

Subd. 16. Full-service community schools. (a) For grants to plan or expand the full-service community schools program under Minnesota Statutes, section 124D.231:

<u>\$</u>	<u>7,500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>7,500,000</u>	<u>.....</u>	<u>2025</u>

(b) Of this amount, priority must be given to programs in the following order:

(1) current grant recipients issued under Minnesota Statutes, section 124D.231;

(2) schools identified as low-performing under the federal Every Student Succeeds Act; and

(3) any other applicants.

(c) Up to two percent of the appropriation is available for grant administration.

(d) The base for fiscal year 2026 and later is \$5,000,000.

Subd. 17. Girls Taking Action. (a) For a grant to the Girls Taking Action program to enable Girls Taking Action to continue to provide and expand metropolitan-area school and community-based programs that encourage and support low-income girls of color:

<u>\$</u>	<u>1,500,000</u>	<u>.....</u>	<u>2024</u>
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(b) Of the appropriated funds, \$1,000,000 must be used to sustain 16 current Girls Taking Action program sites, and to expand to an additional four sites in inner-ring suburban communities with growing ethnic diversity among students.

(c) Of the appropriated funds, \$500,000 must be used to sustain three community-based Girls Taking Action programs for Asian, East African, and Latina girls in Hennepin, Ramsey, and Dakota Counties, and to expand an additional two community-based programs in these counties to reach Native American and African American girls.

(d) Girls Taking Action programs supported by these funds must include programs focused on:

(1) increasing academic performance, high school graduation rates, and enrollment in postsecondary education for girls faced with social, demographic, racial, and economic barriers and challenges;

(2) increasing mentoring opportunities, literacy, career development, positive community engagement, and the number of qualified female employees of color in the workforce pipeline, particularly in science, technology, engineering, and mathematics fields;

(3) providing coaching, mentoring, health and wellness counseling, resources to girls whose experience with sexual assault has negatively impacted their academics and behavior, and culturally sensitive therapy resources and counseling services to sexual assault victims; and

(4) increasing financial literacy and knowledge of options for financing college or postsecondary education.

(e) Up to three percent of the appropriation is available for grant administration.

(f) This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

**Subd. 18. Grants to increase science, technology, engineering, and math course offerings.**

(a) For grants to schools to encourage low-income and other underserved students to participate in advanced placement and international baccalaureate programs according to Minnesota Statutes, section 120B.132:

\$	<u>250,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>250,000</u>	<u>.....</u>	<u>2025</u>

(b) To the extent practicable, the commissioner must distribute grant funds equitably among geographic areas in the state, including schools located in greater Minnesota and in the seven-county metropolitan area.

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

**Subd. 19. Implementation of education on the Holocaust, genocide of Indigenous Peoples, and other genocides.** For implementation of requirements for education on the Holocaust, genocide of Indigenous Peoples, and other genocides under Minnesota Statutes, section 120B.252:

\$	<u>75,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>75,000</u>	<u>.....</u>	<u>2025</u>

**Subd. 20. Innovation service learning grants.** (a) For innovative service-learning grants under article 2, section 59:

\$	<u>1,000,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>0</u>	<u>.....</u>	<u>2025</u>

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

(c) The base for fiscal year 2026 and later is \$0.

**Subd. 21. Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	<u>14,992,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>16,609,000</u>	<u>.....</u>	<u>2025</u>

**Subd. 22. Junior Achievement North.** (a) For a grant to Junior Achievement North to expand access to its financial literacy programming for elementary and secondary students:

\$	<u>500,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>500,000</u>	<u>.....</u>	<u>2025</u>

(b) The grant awarded under this section must be consistent with the procedures for evidence-based education grants under Minnesota Statutes, section 127A.20.

(c) Junior Achievement North must use the grant proceeds to expand the number of students who participate in Junior Achievement North's financial literacy programs, career readiness programs,

and entrepreneurship programs with a focus on expanding opportunities for underserved students. To the extent practicable, programming must be provided in an equitable manner to students in greater Minnesota.

(d) In addition to other reporting requirements, and subject to Minnesota Statutes, section 3.195, by February 1 of each year Junior Achievement North receives an appropriation, Junior Achievement North must report to the chairs and ranking minority members of the legislative committees with jurisdiction over education on activities funded by this appropriation. The report must include but is not limited to: information about the operations of Junior Achievement North, including its most recent audit; a description of the financial literacy, career readiness, and entrepreneurship programs offered during the year; participation and demographic information about the students and schools served by the program; and a description of partnerships with other financial literacy organizations.

(e) The base for fiscal year 2026 and later is \$0.

Subd. 23. **Literacy incentive aid.** (a) For literacy incentive aid under Minnesota Statutes, section 124D.98:

<u>\$</u>	<u>42,234,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>42,502,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$4,606,000 for 2023 and \$37,628,000 for 2024.

(c) The 2025 appropriation includes \$4,180,000 for 2024 and \$38,322,000 for 2025.

Subd. 24. **Minnesota Alliance of Boys and Girls Clubs.** (a) For a grant to the Minnesota Alliance of Boys and Girls Clubs to support the establishment and expansion of Boys and Girls Clubs in Minnesota beyond existing service areas to support after-school and summer programming that address learning loss:

<u>\$</u>	<u>2,500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>2,500,000</u>	<u>.....</u>	<u>2025</u>

(b) The grant recipient must take into consideration multiple factors, including need, feasibility, and community engagement when determining where to establish and expand Boys and Girls Clubs programming. Need may be analyzed using available data from the department. Feasibility must be determined by proximity to supporting organizations, staffing capabilities, and access to adequate facilities. The grant recipient must take into consideration community engagement and interest in programming as important elements for the desired sustainability of programming beyond the project's funding period.

(c) To receive a grant under this section, the Minnesota Alliance of Boys and Girls Clubs must receive a 25 percent match from nonstate funds.

(d) Up to three percent of the appropriation is available for grant administration.

(e) This is a onetime appropriation.

Subd. 25. **Minnesota Center for the Book programming.** (a) For grants to the entity designated by the Library of Congress as the Minnesota Center for the Book to provide statewide programming

related to the Minnesota Book Awards and for additional programming throughout the state related to the Center for the Book designation:

\$	<u>200,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>200,000</u>	<u>.....</u>	<u>2025</u>

(b) Up to three percent of the appropriation is available for grant administration.

Subd. 26. **Minnesota Council on Economic Education.** (a) For a grant to the Minnesota Council on Economic Education:

\$	<u>200,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>200,000</u>	<u>.....</u>	<u>2025</u>

(b) The grant must be used to:

(1) provide professional development to kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education; and

(2) support the direct-to-student ancillary economic and personal finance programs that teachers supervise and coach.

(c) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or its affiliated state centers. The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and summaries of evaluations of teacher professional opportunities.

(d) The Department of Education must pay the full amount of the grant to the Minnesota Council on Economic Education by August 15 of each fiscal year for which the grant is appropriated. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

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

(f) The base for fiscal year 2026 and later is \$0.

Subd. 27. **Minnesota Independence College and Community.** (a) For transfer to the Office of Higher Education for grants to Minnesota Independence College and Community for tuition reduction and institutional support:

\$	<u>625,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>625,000</u>	<u>.....</u>	<u>2025</u>

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

(c) By January 15 of each year, Minnesota Independence College and Community must submit a report detailing expenditures, activities, and outcomes to the commissioner and the chairs and

ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education.

Subd. 28. **Minnesota math corps.** (a) For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

\$	<u>1,000,000</u>	.....	<u>2024</u>
\$	<u>1,000,000</u>	.....	<u>2025</u>

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

Subd. 29. **Minnesota Principals Academy.** (a) For grants to the University of Minnesota College of Education and Human Development for the operation of the Minnesota Principals Academy:

\$	<u>200,000</u>	.....	<u>2024</u>
\$	<u>200,000</u>	.....	<u>2025</u>

(b) Of these amounts, \$50,000 must be used to pay the costs of attendance for principals and school leaders from schools identified for intervention under the state's accountability system as implemented to comply with the federal Every Student Succeeds Act. To the extent funds are available, the Department of Education is encouraged to use up to \$200,000 of federal Title II funds to support additional participation in the Principals Academy by principals and school leaders from schools identified for intervention under the state's accountability system as implemented to comply with the federal Every Student Succeeds Act.

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

Subd. 30. **Museums and education centers.** (a) For grants to museums and education centers:

\$	<u>1,241,000</u>	.....	<u>2024</u>
\$	<u>1,241,000</u>	.....	<u>2025</u>

(b) \$500,000 each year is for the Minnesota Children's Museum.

(c) \$50,000 each year is for the Children's Museum of Rochester.

(d) \$41,000 each year is for the Minnesota Academy of Science.

(e) \$100,000 each year is for The Bakken Museum, Minneapolis.

(f) \$50,000 each year is for the Headwaters Science Center.

(g) \$50,000 each year is for The Works Museum, Bloomington.

(h) \$50,000 each year is for the WonderTrek Children's Museum, Brainerd-Baxter.

(i) \$50,000 each year is for the Otter Cove Children's Museum, Fergus Falls.

(j) \$50,000 each year is for the Children's Discovery Museum, Grand Rapids.

(k) \$50,000 each year is for the Wheel and Cog Children's Museum, Hutchinson.

(l) \$50,000 each year is for the Village Children's Museum, Willmar.

(m) \$50,000 each year is for the Duluth Children's Museum, Duluth.

(n) \$50,000 each year is for the Children's Museum of Southern Minnesota, Mankato.

(o) \$50,000 each year is for the Great River Children's Museum, St. Cloud.

(p) \$50,000 each year is for the Children's Discovery Museum, Breckenridge.

(q) A recipient of a grant under this subdivision must use the funds to encourage and increase access for historically underserved communities.

(r) Up to three percent of the appropriation is available for grant administration.

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

(t) The base for fiscal year 2026 and later is \$1,791,000. Of this amount, \$691,000 is for the museums and amounts indicated in paragraphs (b) to (e), \$60,000 is for the museum in paragraph (f), \$600,000 is for the museums in paragraphs (g) to (l) in the amount of \$100,000 per museum, and \$440,000 is for the museums in paragraphs (m) to (p) in the amount of \$110,000 per museum.

Subd. 31. **Nonexclusionary discipline.** (a) For grants to school districts and charter schools to provide training for school staff on nonexclusionary disciplinary practices:

<u>\$</u>	<u>1,750,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>1,750,000</u>	<u>.....</u>	<u>2025</u>

(b) Grants are to develop training and to work with schools to train staff on nonexclusionary disciplinary practices that maintain the respect, trust, and attention of students and help keep students in classrooms. These funds may also be used for grant administration.

(c) Eligible grantees include school districts, charter schools, intermediate school districts, and cooperative units as defined in section 123A.24, subdivision 2.

(d) Up to five percent of the appropriation is available for grant administration.

Subd. 32. **Online music instruction grant.** (a) For a grant to MacPhail Center for Music for the online music instruction program:

<u>\$</u>	<u>300,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>0</u>	<u>.....</u>	<u>2025</u>

(b) The MacPhail Center for Music must use the grant funds received under this subdivision to:

(1) partner with schools and early childhood centers to provide online music instruction to students and children for the purpose of increasing student self-confidence, providing students with a sense of community, and reducing individual stress. In applying for the grant, MacPhail Center for Music must commit to providing at least a 30 percent match of the funds allocated. MacPhail

Center for Music must also include in the application the measurable outcomes the applicant intends to accomplish with the grant funds;

(2) partner with schools or early childhood centers that are designated Title I schools or centers or are located in rural Minnesota, and may use the funds in consultation with the music or early childhood educators in each school or early childhood center to provide individual or small group music instruction, sectional ensembles or other group music activities, music workshops, or early childhood music activities. At least half of the online music programs must be in partnership with schools or early childhood centers located in rural Minnesota. MacPhail Center for Music may use the funds awarded to supplement or enhance an existing online music program within a school or early childhood center that meets the criteria described in this clause; and

(3) contract with a third-party entity to evaluate the success of the online music program. The evaluation must include interviews with the music educators and students at the schools and early childhood centers where an online music program was established. The results of the evaluation must be submitted to the commissioner of education and to the chairs and ranking minority members of the legislative committees with jurisdiction over education policy and finance by December 15, 2026.

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

(d) The base for fiscal year 2026 is \$0.

Subd. 33. **P-TECH schools.** (a) For P-TECH support grants under Minnesota Statutes, section 124D.093, subdivision 5:

<u>\$</u>	<u>791,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>791,000</u>	<u>.....</u>	<u>2025</u>

(b) The amounts in this subdivision are for grants, including to a public-private partnership that includes Independent School District No. 535, Rochester.

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

Subd. 34. **Paraprofessional training.** (a) For compensation associated with paid orientation and professional development for paraprofessionals under Minnesota Statutes, section 121A.642:

<u>\$</u>	<u>0</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>7,230,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2025 appropriation includes \$0 for 2024 and \$7,230,000 for 2025.

Subd. 35. **Recovery program grants.** (a) For recovery program grants under Minnesota Statutes, section 124D.695:

<u>\$</u>	<u>750,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>750,000</u>	<u>.....</u>	<u>2025</u>

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

Subd. 36. **Sanneh Foundation.** (a) For grants to the Sanneh Foundation:

\$	<u>1,500,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>1,500,000</u>	<u>.....</u>	<u>2025</u>

(b) Up to three percent of the appropriation is available for grant administration.

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

Subd. 37. **ServeMinnesota program.** (a) For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$	<u>900,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>900,000</u>	<u>.....</u>	<u>2025</u>

(b) A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

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

Subd. 38. **Starbase MN.** (a) For a grant to Starbase MN for a rigorous science, technology, engineering, and math program providing students in grades 4 through 6 with a multisensory learning experience and a hands-on curriculum in an aerospace environment using state-of-the-art technology:

\$	<u>500,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>500,000</u>	<u>.....</u>	<u>2025</u>

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

Subd. 39. **Statewide testing and reporting system.** (a) For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	<u>10,892,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>10,892,000</u>	<u>.....</u>	<u>2025</u>

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

Subd. 40. **Student organizations.** (a) For student organizations:

\$	<u>1,084,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>1,084,000</u>	<u>.....</u>	<u>2025</u>

(b) \$68,000 each year is for student organizations serving health occupations (HOSA).

(c) \$100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

(d) \$122,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

(e) \$322,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

(f) \$185,000 each year is for student organizations serving family and consumer science occupations (FCCLA). Notwithstanding Minnesota Rules, part 3505.1000, subparts 28 and 31, the student organizations serving FCCLA shall continue to serve students younger than grade 9.

(g) \$202,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

(h) \$85,000 each year is for the Minnesota Foundation for Student Organizations. Of this amount, \$30,000 each year must be used for direct support of underserved and special student populations.

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

Subd. 41. **Walkabouts program.** (a) For a grant to the regional centers of excellence to provide an evidence-based, standards-aligned, kinesthetic learning platform using physical activity to teach math, English, language arts, and literacy standards for prekindergarten through grade 5 to improve academic performance and social-emotional learning:

\$	250,000	.....	2024
\$	250,000	.....	2025

(b) The regional centers of excellence must provide the ActivEd Walkabouts program at no cost to schools. A school must apply for participation in the program in the form and manner determined by the regional centers of excellence. To the extent practicable, the regional centers of excellence must select schools that are identified for support under the state accountability system and that are geographically distributed equitably throughout the state.

(c) The base for fiscal year 2026 and later is \$0.

**Sec. 65. REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering. The revisor shall also make any technical language and other changes necessitated by the renumbering and cross-reference changes in this act.

<u>Column A</u>	<u>Column B</u>
	<u>General Requirements Statewide Assessments</u>
<u>120B.30, subdivision 1a, paragraph (h)</u>	<u>120B.30, subdivision 1</u>
<u>120B.30, subdivision 1, paragraph (q)</u>	<u>120B.30, subdivision 2</u>
<u>120B.30, subdivision 1a, paragraph (g)</u>	<u>120B.30, subdivision 3</u>
<u>120B.30, subdivision 1b</u>	<u>120B.30, subdivision 4</u>
<u>120B.30, subdivision 1, paragraph (n)</u>	<u>120B.30, subdivision 5, paragraph (a)</u>
<u>120B.30, subdivision 1, paragraph (a)</u>	<u>120B.30, subdivision 5, paragraph (b)</u>
<u>120B.30, subdivision 1a, paragraph (e)</u>	<u>120B.30, subdivision 6, paragraph (a)</u>
<u>120B.30, subdivision 2, paragraph (a)</u>	<u>120B.30, subdivision 6, paragraph (b)</u>
<u>120B.30, subdivision 2, paragraph (b), clauses (1) and (2)</u>	<u>120B.30, subdivision 6, paragraph (c)</u>
<u>120B.30, subdivision 2</u>	<u>120B.30, subdivision 6, paragraph (d)</u>

<u>120B.30, subdivision 4</u>	<u>120B.30, subdivision 7</u>
<u>120B.30, subdivision 5</u>	<u>120B.30, subdivision 8</u>
<u>120B.30, subdivision 6</u>	<u>120B.30, subdivision 9</u>
<u>120B.30, subdivision 1, paragraph (e)</u>	<u>120B.30, subdivision 10</u>

General Requirements Test Design

<u>120B.30, subdivision 1a, paragraph (a), clauses (1) to (5)</u>	<u>120B.301, subdivision 1</u>
<u>120B.30, subdivision 1, paragraph (a)</u>	<u>120B.301, subdivision 2</u>
<u>120B.30, subdivision 1, paragraph (b)</u>	<u>120B.301, subdivision 3, paragraph (a)</u>
<u>120B.30, subdivision 1, paragraph (n)</u>	<u>120B.301, subdivision 3, paragraph (b)</u>
<u>120B.30, subdivision 1a, paragraph (b)</u>	<u>120B.301, subdivision 3, paragraph (c)</u>
<u>120B.30, subdivision 1a, paragraph (c), clauses (1) and (2)</u>	<u>120B.301, subdivision 3, paragraph (d)</u>

Assessment Graduation Requirements

<u>120B.30, subdivision 1, paragraph (c), clauses (1) and (2)</u>	<u>120B.304, subdivision 1</u>
<u>120B.30, subdivision 1, paragraph (d)</u>	<u>120B.304, subdivision 2</u>
<u>120B.30, subdivision 1, paragraph (i)</u>	<u>120B.304, subdivision 3</u>

Assessment Reporting Requirements

<u>120B.30, subdivision 1a, paragraph (f), clauses (1) to (3)</u>	<u>120B.305, subdivision 1</u>
<u>120B.30, subdivision 1a, paragraph (d), clauses (1) to (4)</u>	<u>120B.305, subdivision 2, paragraph (a)</u>
<u>120B.30, subdivision 1, paragraph (m)</u>	<u>120B.305, subdivision 2, paragraph (b)</u>
<u>120B.30, subdivision 1, paragraph (n)</u>	<u>120B.305, subdivision 2, paragraph (c)</u>
<u>120B.30, subdivision 1, paragraph (o), clauses (1) to (4)</u>	<u>120B.305, subdivision 3, paragraph (a)</u>
<u>120B.30, subdivision 3</u>	<u>120B.305, subdivision 3, paragraph (b)</u>

District Assessment Requirements

<u>120B.301, paragraphs (a) to (c)</u>	<u>120B.306, subdivision 1</u>
<u>120B.304, paragraphs (a) and (b)</u>	<u>120B.306, subdivision 2</u>

College and Career Readiness

<u>120B.30, subdivision 1, paragraph (p)</u>	<u>120B.307, subdivision 1</u>
<u>120B.30, subdivision 1, paragraph (d)</u>	<u>120B.307, subdivision 2</u>
<u>120B.30, subdivision 1, paragraph (f)</u>	<u>120B.307, subdivision 3</u>
<u>120B.30, subdivision 1, paragraph (g)</u>	<u>120B.307, subdivision 4, paragraph (a)</u>
<u>120B.30, subdivision 1, paragraph (h)</u>	<u>120B.307, subdivision 4, paragraph (b)</u>
<u>120B.30, subdivision 1, paragraph (j)</u>	<u>120B.307, subdivision 4, paragraph (c)</u>
<u>120B.30, subdivision 1, paragraph (k)</u>	<u>120B.307, subdivision 4, paragraph (d)</u>
<u>120B.30, subdivision 1, paragraph (l)</u>	<u>120B.307, subdivision 4, paragraph (e)</u>

Sec. 66. **REPEALER.**

Minnesota Statutes 2022, sections 120B.02, subdivision 3; 120B.35, subdivision 5; and 124D.095, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8, are repealed.

### ARTICLE 3

#### THE READ ACT

##### Section 1. [120B.1117] TITLE; THE READ ACT.

Sections 120B.1117 to 120B.124 may be cited as the "Reading to Ensure Academic Development Act" or the "Read Act."

##### Sec. 2. [120B.1118] READ ACT DEFINITIONS.

Subdivision 1. **Read Act.** For purposes of sections 120B.1117 to 120B.124, the following terms have the meanings given.

Subd. 2. **CAREI.** "CAREI" means the Center for Applied Research and Educational Improvement at the University of Minnesota.

Subd. 3. **District.** "District" means a school district, charter school, or cooperative unit as defined in section 123A.24, subdivision 2.

Subd. 4. **Evidence-based.** "Evidence-based" means the instruction or item described is based on reliable, trustworthy, and valid evidence and has demonstrated a record of success in increasing students' reading competency in the areas of phonological and phonemic awareness, phonics, vocabulary development, reading fluency, and reading comprehension. Evidence-based literacy instruction is explicit, systematic, and includes phonological and phonemic awareness, phonics and decoding, spelling, fluency, vocabulary, oral language, and comprehension that can be differentiated to meet the needs of individual students. Evidence-based instruction does not include the three-cueing system, as defined in subdivision 16.

Subd. 5. **Fluency.** "Fluency" means the ability of students to read text accurately, automatically, and with proper expression.

Subd. 6. **Foundational reading skills.** "Foundational reading skills" includes phonological and phonemic awareness, phonics and decoding, and fluency. Foundational reading skills appropriate to each grade level must be mastered in kindergarten, grade 1, grade 2, and grade 3. Struggling readers in grades 4 and above who do not demonstrate mastery of grade-level foundational reading skills must continue to receive explicit, systematic instruction to reach mastery.

Subd. 7. **Literacy specialist.** "Literacy specialist" means a person licensed by the Professional Educator Licensing and Standards Board as a teacher of reading, a special education teacher, or a kindergarten through grade 6 teacher, who has completed professional development approved by the Department of Education in structured literacy. A literacy specialist employed by the department under section 120B.123, subdivision 7, or by a district as a literacy lead, is not required to complete the approved training before August 30, 2025.

Subd. 8. **Literacy lead.** "Literacy lead" means a literacy specialist with expertise in working with educators as adult learners. A district literacy lead must support the district's implementation of the Read Act; provide support to school-based coaches; support the implementation of structured literacy, interventions, curriculum delivery, and teacher training; assist with the development of personal learning plans; and train paraprofessionals and other support staff to support classroom literacy instruction. A literacy lead may be employed by one district, jointly by two or more districts, or may provide services to districts through a partnership with the regional service cooperatives or another district.

Subd. 9. **MTSS.** "Multitiered system of support" or "MTSS" means a systemic, continuous improvement framework for ensuring positive social, emotional, behavioral, developmental, and academic outcomes for every student. The MTSS framework provides access to layered tiers of culturally and linguistically responsive, evidence-based practices and relies on the understanding and belief that every student can learn and thrive. Through a MTSS at the core (Tier 1), supplemental (Tier 2), and intensive (Tier 3) levels, educators provide high quality, evidence-based instruction and intervention that is matched to a student's needs; progress is monitored to inform instruction and set goals and data is used for educational decision making.

Subd. 10. **Oral language.** "Oral language," also called "spoken language," includes speaking and listening, and consists of five components: phonology, morphology, syntax, semantics, and pragmatics.

Subd. 11. **Phonemic awareness.** "Phonemic awareness" means the ability to notice, think about, and manipulate individual sounds in spoken syllables and words.

Subd. 12. **Phonics instruction.** "Phonics instruction" means the explicit, systematic, and direct instruction of the relationships between letters and the sounds they represent and the application of this knowledge in reading and spelling.

Subd. 13. **Progress monitoring.** "Progress monitoring" means using data collected to inform whether interventions are working. Progress monitoring involves ongoing monitoring of progress that quantifies rates of improvement and informs instructional practice and the development of individualized programs using state-approved screening that is reliable and valid for the intended purpose.

Subd. 14. **Reading comprehension.** "Reading comprehension" means a function of word recognition skills and language comprehension skills. It is an active process that requires intentional thinking during which meaning is constructed through interactions between the text and reader. Comprehension skills are taught explicitly by demonstrating, explaining, modeling, and implementing specific cognitive strategies to help beginning readers derive meaning through intentional, problem-solving thinking processes.

Subd. 15. **Structured literacy.** "Structured literacy" means an approach to reading instruction in which teachers carefully structure important literacy skills, concepts, and the sequence of instruction to facilitate children's literacy learning and progress. Structured literacy is characterized by the provision of systematic, explicit, sequential, and diagnostic instruction in phonemic awareness, phonics, fluency, vocabulary and oral language development, and reading comprehension.

Subd. 16. **Three-cueing system.** "Three-cueing system," also known as "meaning structure visual (MSV)," means a method that teaches students to use meaning, structure and syntax, and visual cues when attempting to read an unknown word.

Subd. 17. **Vocabulary development.** "Vocabulary development" means the process of acquiring new words. A robust vocabulary improves all areas of communication, including listening, speaking, reading, and writing. Vocabulary growth is directly related to school achievement and is a strong predictor for reading success.

Sec. 3. Minnesota Statutes 2022, section 120B.12, is amended to read:

**120B.12 READING PROFICIENTLY NO LATER THAN THE END OF GRADE 3 READ ACT GOAL AND INTERVENTIONS.**

Subdivision 1. **Literacy goal.** (a) The legislature seeks to have every child reading at or above grade level no later than the end of grade 3, including English learners, and that teachers provide comprehensive, scientifically-based every year, beginning in kindergarten, and to support multilingual learners and students receiving special education services in achieving their individualized reading goals. By the 2026-2027 school year, districts must provide evidence-based reading instruction consistent with section 122A.06, subdivision 4 through a focus on student mastery of the foundational reading skills of phonemic awareness, phonics, and fluency, as well as the development of oral language, vocabulary, and reading comprehension skills. Students must receive evidence-based instruction that is proven to effectively teach children to read, consistent with sections 120B.1117 to 120B.124.

(b) To meet this goal, each district must provide teachers and instructional support staff with responsibility for teaching reading with training on evidence-based reading instruction that is approved by the Department of Education by the deadlines provided in this subdivision. The commissioner may grant a district an extension to the deadlines in this paragraph. Beginning July 1, 2024, a district must provide access to the training required under section 120B.123, subdivision 5, to:

(1) intervention teachers working with students in kindergarten through grade 12;

(2) all classroom teachers of students in kindergarten through grade 3 and children in prekindergarten programs;

(3) special education teachers;

(4) curriculum directors;

(5) instructional support staff who provide reading instruction; and

(6) employees who select literacy instructional materials for a district.

(c) All other teachers and instructional staff required to receive training under the Read Act must complete the training no later than July 1, 2027.

(d) Districts are strongly encouraged to adopt a MTSS framework. The framework should include a process for monitoring student progress, evaluating program fidelity, and analyzing student

outcomes and needs in order to design and implement ongoing evidenced-based instruction and interventions.

Subd. 2. **Identification; report.** (a) ~~Each school district must identify before the end of~~ Twice per year, each school district must screen every student enrolled in kindergarten, grade 1, and grade 2 all students who are not reading at grade level, and grade 3 using a screening tool approved by the Department of Education. Students identified as not reading at grade level by the end of ~~enrolled in kindergarten, grade 1, and grade 2, and grade 3, including multilingual learners and students receiving special education services, must be universally screened, in a locally determined manner,~~ for mastery of foundational reading skills, including phonemic awareness, phonics, decoding, fluency, oral language, and for characteristics of dyslexia as measured by a screening tool approved by the Department of Education. The screening for characteristics of dyslexia may be integrated with universal screening for mastery of foundational skills and oral language. A district must submit data on student performance in kindergarten, grade 1, grade 2, and grade 3 on foundational reading skills, including phonemic awareness, phonics, decoding, fluency, and oral language to the Department of Education in the annual local literacy plan submission due on June 15.

(b) ~~Students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher~~ grades 4 and above, including multilingual learners and students receiving special education services, who do not demonstrate mastery of foundational reading skills, including phonemic awareness, phonics, decoding, fluency, and oral language, must be screened, in a locally determined manner, using a screening tool approved by the Department of Education for characteristics of dyslexia, unless a different reason for the reading difficulty has been identified, and must continue to receive evidence-based instruction, interventions, and progress monitoring until the students achieve grade-level proficiency. A parent, in consultation with a teacher, may opt a student out of the literacy screener if the parent and teacher decide that continuing to screen would not be beneficial to the student. In such limited cases, the student must continue to receive progress monitoring and literacy interventions.

(c) ~~Reading assessments screeners in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of English multilingual learners. The district must use a locally adopted an approved, developmentally appropriate, and culturally responsive assessment screener and annually report summary assessment screener results to the commissioner by July 1~~ June 15 in the form and manner determined by the commissioner.

(d) ~~The district also must annually report to the commissioner by July 1~~ include in its literacy plan under subdivision 4a, a summary of the district's efforts to screen and, identify, and provide interventions to students who demonstrate characteristics of dyslexia using as measured by a screening tools such as those recommended by the department's dyslexia specialist tool approved by the Department of Education. Districts are strongly encouraged to use the MTSS framework. With respect to students screened or identified under paragraph (a), the report must include:

- (1) a summary of the district's efforts to screen for dyslexia;
- (2) the number of students universally screened for that reporting year; ~~and~~

(3) the number of students demonstrating characteristics of dyslexia for that year; and

~~(e) A student~~ (4) an explanation of how students identified under this subdivision must be are provided with alternate instruction and interventions under section 125A.56, subdivision 1.

Subd. 2a. **Parent notification and involvement.** A district must administer a reading screener to students in kindergarten through grade 3 within the first six weeks of the school year, and again within the last six weeks of the school year. Schools, at least annually biannually after administering each screener, must give the parent of each student who is not reading at or above grade level timely information about:

(1) the student's reading proficiency as measured by a locally adopted assessment screener approved by the Department of Education;

(2) reading-related services currently being provided to the student and the student's progress; and

(3) strategies for parents to use at home in helping their student succeed in becoming grade-level proficient in reading in English and in their native language.

A district may not use this section to deny a student's right to a special education evaluation.

Subd. 3. **Intervention.** (a) For each student identified under subdivision 2, the district shall provide reading intervention to accelerate student growth and reach the goal of reading at or above grade level by the end of the current grade and school year. A district is encouraged to provide reading intervention through a MTSS framework. If a student does not read at or above grade level by the end of grade 3 the current school year, the district must continue to provide reading intervention until the student reads at grade level. District intervention methods shall encourage family engagement and, where possible, collaboration with appropriate school and community programs. Intervention methods that specialize in evidence-based instructional practices and measure mastery of foundational reading skills, including phonemic awareness, phonics, decoding, fluency, and oral language. By the 2025-2026 school year, intervention programs must be taught by an intervention teacher or special education teacher who has successfully completed training in evidence-based reading instruction approved by the Department of Education. Intervention may include, but are is not limited to; requiring student attendance in summer school, intensified reading instruction that may require that the student be removed from the regular classroom for part of the school day, extended-day programs, or programs that strengthen students' cultural connections.

(b) ~~A school~~ district or charter school is strongly encouraged to provide a personal learning plan for a student who is unable to demonstrate grade-level proficiency, as measured by the statewide reading assessment in grade 3 or a screener identified by the Department of Education under section 120B.123. The district or charter school must determine the format of the personal learning plan in collaboration with the student's educators and other appropriate professionals. The school must develop the learning plan in consultation with the student's parent or guardian. The personal learning plan must include targeted instruction that is evidence-based and ongoing progress monitoring, and address knowledge gaps and skill deficiencies through strategies such as specific exercises and practices during and outside of the regular school day, group interventions, periodic assessments or screeners, and reasonable timelines. The personal learning plan may include grade retention, if it is in the student's best interest; a student may not be retained solely due to delays in literacy or not

demonstrating grade-level proficiency. A school must maintain and regularly update and modify the personal learning plan until the student reads at grade level. This paragraph does not apply to a student under an individualized education program.

Subd. 4. **Staff development.** (a) A district must provide training on evidence-based reading instruction to teachers and instructional staff in accordance with subdivision 1, paragraph (b). The training must include teaching in the areas of phonemic awareness, phonics, vocabulary development, reading fluency, reading comprehension, and culturally and linguistically responsive pedagogy.

(b) Each district shall use the data under subdivision 2 to identify the staff development needs so that:

(1) elementary teachers are able to implement ~~comprehensive, scientifically based reading and oral language~~ explicit, systematic, evidence-based instruction in the five reading areas of phonemic awareness, phonics, fluency, vocabulary, and comprehension with emphasis on mastery of foundational reading skills as defined in section 122A.06, subdivision 4, 120B.1118 and other literacy-related areas including writing until the student achieves grade-level reading and writing proficiency;

(2) elementary teachers have sufficient training to provide ~~comprehensive, scientifically based reading~~ students with evidence-based reading and oral language instruction that meets students' developmental, linguistic, and literacy needs using the intervention methods or programs selected by the district for the identified students;

(3) licensed teachers employed by the district have regular opportunities to improve reading and writing instruction;

(4) licensed teachers recognize students' diverse needs in cross-cultural settings and are able to serve the oral language and linguistic needs of students who are ~~English~~ multilingual learners by maximizing strengths in their native languages in order to cultivate students' English language development, including oral academic language development, and build academic literacy; and

(5) licensed teachers are well trained in culturally responsive pedagogy that enables students to master content, develop skills to access content, and build relationships.

(c) A district must provide staff in early childhood programs sufficient training to provide children in early childhood programs with explicit, systematic instruction in phonological and phonemic awareness; oral language, including listening comprehension; vocabulary; and letter-sound correspondence.

Subd. 4a. **Local literacy plan.** (a) Consistent with this section, a school district must adopt a local literacy plan to have every child reading at or above grade level ~~no later than the end of grade 3, including English learners~~ every year beginning in kindergarten and to support multilingual learners and students receiving special education services in achieving their individualized reading goals. A district must update and submit the plan to the commissioner by June 15 each year. The plan must be consistent with section 122A.06, subdivision 4 the Read Act, and include the following:

(1) a process to assess students' foundational reading skills, oral language, and level of reading proficiency and data to support the effectiveness of an assessment used to screen and identify a

student's level of reading proficiency the screeners used, by school site and grade level, under section 120B.123;

(2) a process to notify and involve parents;

(3) a description of how schools in the district will determine the proper targeted reading instruction that is evidence-based and includes an intervention strategy for a student and the process for intensifying or modifying the reading strategy in order to obtain measurable reading progress;

(4) evidence-based intervention methods for students who are not reading at or above grade level and progress monitoring to provide information on the effectiveness of the intervention; ~~and~~

(5) identification of staff development needs, including a program plan to meet those needs;

(6) the curricula used by school site and grade level;

(7) a statement of whether the district has adopted a MTSS framework;

(8) student data using the measures of foundational literacy skills and mastery identified by the Department of Education for the following students:

(i) students in kindergarten through grade 3;

(ii) students who demonstrate characteristics of dyslexia; and

(iii) students in grades 4 to 12 who are identified as not reading at grade level; and

(9) the number of teachers and other staff that have completed training approved by the department.

(b) The district must post its literacy plan on the official school district website and submit it to the commissioner of education using the template developed by the commissioner of education beginning June 15, 2024.

(c) By March 1, 2024, the commissioner of education must develop a streamlined template for local literacy plans that meets the requirements of this subdivision and requires all reading instruction and teacher training in reading instruction to be evidence-based. The template must require a district to report information using the student categories required in the commissioner's report under paragraph (d). The template must focus district resources on improving students' foundational reading skills while reducing paperwork requirements for teachers.

(d) By December 1, 2025, the commissioner of education must submit a report to the legislative committees with jurisdiction over prekindergarten through grade 12 education summarizing the local literacy plans submitted to the commissioner. The summary must include the following information:

(1) the number of teachers and other staff that have completed training approved by the Department of Education;

(2) by school site and grade, the screeners used at the beginning and end of the school year and the reading curriculum used; and

(3) by school site and grade, using the measurements of foundational literacy skills and mastery identified by the department, both aggregated data and disaggregated data using the student categories under section 120B.35, subdivision 3, paragraph (a), clause (2).

Subd. 5. **Commissioner Approved screeners.** The commissioner ~~shall~~ must recommend to districts multiple ~~assessment~~ screening tools to assist districts and teachers with identifying students under subdivision 2 and to assess students' reading proficiency. The commissioner must identify screeners that may be used for both purposes. A district must administer an approved screener according to section 120B.123, subdivision 1. ~~The commissioner shall also make available examples of nationally recognized and research-based instructional methods or programs to districts to provide comprehensive, scientifically based reading instruction and intervention under this section.~~

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 120B.122, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The department must employ a dyslexia specialist to provide technical assistance for dyslexia and related disorders and to serve as the primary source of information and support for schools in addressing the needs of students with dyslexia and related disorders. The dyslexia specialist shall also act to increase professional awareness and instructional competencies to meet the educational needs of students with dyslexia or identified with risk characteristics associated with dyslexia and shall develop implementation guidance and make recommendations to the commissioner consistent with ~~section 122A.06, subdivision 4~~ sections 120B.1117 to 120B.124, to be used to assist general education teachers and special education teachers to recognize educational needs and to improve literacy outcomes for students with dyslexia or identified with risk characteristics associated with dyslexia, including recommendations related to increasing the availability of online and asynchronous professional development programs and materials.

Sec. 5. **[120B.123] READ ACT IMPLEMENTATION.**

Subdivision 1. **Screeners.** A district must administer an approved evidence-based reading screener to students in kindergarten through grade 3 within the first six weeks of the school year, and again within the last six weeks of the school year. The screener must be one of the screening tools approved by the Department of Education. A district must identify any screener it uses in the district's annual literacy plan, and submit screening data with the annual literacy plan by June 15.

Subd. 2. **Progress monitoring.** A district must implement progress monitoring, as defined in section 120B.1118, for a student not reading at grade level.

Subd. 3. **Curriculum.** A district must use evidence-based curriculum and intervention materials at each grade level that are designed to ensure student mastery of phonemic awareness, phonics, vocabulary development, reading fluency, and reading comprehension. Starting July 1, 2023, when a district purchases new literacy curriculum, or literacy intervention or supplementary materials, the curriculum or materials must be evidence-based as defined in section 120B.1118.

Subd. 4. **MTSS Framework.** A district is encouraged to use a data-based decision-making process within the MTSS framework to determine the evidence-based core reading instruction and Tier 2 or Tier 3 intervention required to meet a student's identified needs.

Subd. 5. **Professional development.** A district must provide training from a menu of approved evidence-based training programs to all reading intervention teachers, literacy specialists, and other teachers and staff identified in section 120B.12, subdivision 1, paragraph (b), by July 1, 2025; and by July 1, 2027, to other teachers in the district, prioritizing teachers who work with students with disabilities, English learners, and students who qualify for the graduation incentives program under section 124D.68. The commissioner of education may grant a district an extension to the deadlines in this subdivision.

Subd. 6. **Literacy lead.** (a) By August 30, 2025, a district must employ or contract with a literacy lead, or be actively supporting a designated literacy specialist through the process of becoming a literacy lead. A board may satisfy the requirements of this subdivision by contracting with another school board or cooperative unit under section 123A.24 for the services of a literacy lead by August 30, 2025.

(b) A district literacy lead must collaborate with district administrators and staff to support the district's implementation of requirements under the Read Act.

Subd. 7. **Department of Education.** (a) By July 1, 2023, the department must make available to districts a list of approved evidence-based screeners in accordance with section 120B.12. A district must use an approved screener to assess students' mastery of foundational reading skills in accordance with section 120B.12.

(b) The Department of Education must partner with CAREI as required under section 120B.124 to approve professional development programs, subject to final determination by the department. After the implementation partnership under section 120B.124 ends, the department must continue to regularly provide districts with information about professional development opportunities available throughout the state on reading instruction that is evidence-based.

(c) The department must identify training required for a literacy lead and literacy specialist employed by a district or Minnesota service cooperatives.

(d) The department must employ a literacy specialist to provide support to districts implementing the Read Act and coordinate duties assigned to the department under the Read Act. The literacy specialist must work on state efforts to improve literacy tracking and implementation.

(e) The department must develop a template for a local literacy plan in accordance with section 120B.12, subdivision 4a.

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

**Sec. 6. [120B.124] READ ACT IMPLEMENTATION PARTNERSHIP.**

Subdivision 1. **Resources.** The Department of Education must partner with CAREI for two years beginning July 1, 2023, until August 30, 2025, to support implementation of the Read Act. The department and CAREI must jointly:

(1) identify at least five literacy curricula and supporting materials that are evidence-based or focused on structured literacy by January 1, 2024, and post a list of the curricula on the department website. The list must include curricula that use culturally and linguistically responsive materials that reflect diverse populations and, to the extent practicable, curricula that reflect the experiences of students from diverse backgrounds, including multilingual learners, biliterate students, and students who are Black, Indigenous, and People of Color. A district is not required to use an approved curriculum, unless the curriculum was purchased with state funds that require a curriculum to be selected from a list of approved curricula;

(2) identify at least three professional development programs that focus on the five pillars of literacy and the components of structured literacy by August 15, 2023, subject to final approval by the department. The department must post a list of the programs on the department website. The programs may include a program offered by CAREI. The requirements of section 16C.08 do not apply to the selection of a provider under this section;

(3) identify evidence-based literacy intervention materials for students in kindergarten through grade 12;

(4) develop an evidence-based literacy lead training program that trains literacy specialists throughout Minnesota to support schools' efforts in screening, measuring growth, monitoring progress, and implementing interventions in accordance with subdivision 1;

(5) identify measures of foundational literacy skills and mastery that a district must report on a local literacy plan;

(6) provide guidance to districts about best practices in literacy instruction, and practices that are not evidence-based;

(7) develop MTSS model plans that districts may adopt to support efforts to screen, identify, intervene, and monitor the progress of students not reading at grade level; and

(8) ensure that teacher professional development options and MTSS framework trainings are geographically equitable by supporting trainings through the regional service cooperatives.

Subd. 2. **Reconsideration.** The department and CAREI must provide districts an opportunity to request that the department and CAREI add to the list of curricula or professional development programs a specific curriculum or professional development program. The department must publish the request for reconsideration procedure on the department website. A request for reconsideration must demonstrate that the curriculum or professional development program meets the requirements of the Read Act, is evidence-based, and has structured literacy components; or that the screener accurately measures literacy growth, monitors progress, and accurately assesses effective reading, including phonemic awareness, phonics, fluency, vocabulary, and comprehension. The department and CAREI must review the request for reconsideration and approve or deny the request within 60 days.

Subd. 3. **Support.** The department and CAREI must support district efforts to implement the Read Act by:

(1) issuing guidance for teachers on implementing curriculum that is evidence-based, or focused on structured literacy;

(2) providing teachers accessible options for evidence-based professional development focused on structured literacy;

(3) providing districts with guidance on adopting MTSS; and

(4) providing districts with literacy implementation guidance and support.

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

Sec. 7. Minnesota Statutes 2022, section 122A.092, subdivision 5, is amended to read:

Subd. 5. **Reading strategies.** (a) A teacher preparation provider approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in its teacher preparation programs ~~research-based~~ evidence-based best practices in reading, consistent with ~~section 122A.06, subdivision 4~~ sections 120B.1117 to 120B.124, that including instruction on phonemic awareness, phonics, vocabulary development, reading fluency, and reading comprehension. Instruction on reading must enable the licensure candidate to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. A teacher preparation provider also must prepare early childhood and elementary teacher candidates for Tier 3 and Tier 4 teaching licenses under sections 122A.183 and 122A.184, respectively, for the portion of the examination under section 122A.185, subdivision 1, paragraph (c), covering assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in applying ~~comprehensive, scientifically based or evidence-based,~~ and structured literacy reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with ~~section 122A.06, subdivision 4~~ sections 120B.1117 to 120B.124, with emphasis on mastery of foundational reading skills so that ~~all~~ students achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels, including multilingual learners and students demonstrating characteristics of dyslexia, to become proficient readers.

(c) Board-approved teacher preparation programs for teachers of elementary education, early childhood education, special education, and reading intervention must include instruction on dyslexia, as defined in section 125A.01, subdivision 2. Teacher preparation programs may consult with the Department of Education, including the dyslexia specialist under section 120B.122, to develop instruction under this paragraph. Instruction on dyslexia must be modeled on practice standards of the International Dyslexia Association, and must address:

(1) the nature and symptoms of dyslexia;

(2) resources available for students who show characteristics of dyslexia;

(3) evidence-based instructional strategies for students who show characteristics of dyslexia, including the structured literacy approach; and

(4) outcomes of intervention and lack of intervention for students who show characteristics of dyslexia.

(d) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

Sec. 8. Minnesota Statutes 2022, section 122A.187, subdivision 5, is amended to read:

Subd. 5. **Reading preparation.** The Professional Educator Licensing and Standards Board must adopt rules that require all licensed teachers who are renewing a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, to include in the renewal requirements further reading preparation, consistent with ~~section 122A.06, subdivision 4~~ sections 120B.1117 to 120B.124. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

Sec. 9. Minnesota Statutes 2022, section 124D.42, subdivision 8, is amended to read:

Subd. 8. **Minnesota reading corps program.** (a) A Minnesota reading corps program is established to provide ServeMinnesota AmeriCorps members with a data-based problem-solving model of literacy instruction to use in helping to train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in kindergarten through grade 3 to evaluate and teach early literacy skills, including ~~comprehensive, scientifically based reading~~ evidence-based literacy instruction under ~~section 122A.06, subdivision 4~~ sections 120B.1117 to 120B.124, to children age 3 to grade 3 and interventions for children in kindergarten to grade 12.

(b) Literacy programs under this subdivision must comply with the provisions governing literacy program goals and data use under section 119A.50, subdivision 3, paragraph (b).

(c) The commission must submit a biennial report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

Sec. 10. Minnesota Statutes 2022, section 124D.98, is amended by adding a subdivision to read:

Subd. 5. **Literacy incentive aid uses.** A school district must use its literacy incentive aid to support implementation of evidence-based reading instruction. The following are eligible uses of literacy incentive aid:

(1) training for kindergarten through grade 3 teachers, early childhood educators, special education teachers, reading intervention teachers working with students in kindergarten through grade 12, curriculum directors, and instructional support staff that provide reading instruction, on using evidence-based screening and progress monitoring tools;

(2) evidence-based training using a training program approved by the Department of Education;

(3) employing or contracting with a literacy lead, as defined in section 120B.1118;

(4) materials, training, and ongoing coaching to ensure reading interventions under section 125A.56, subdivision 1, are evidence-based; and

(5) costs of substitute teachers to allow teachers to complete required training during the teachers' contract day.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 11. **APPROPRIATIONS; READ ACT.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **CAREL.** (a) To contract with the Center for Applied Research and Educational Improvement at the University of Minnesota for the Read Act implementation partnership under section 120B.124:

\$	<u>4,200,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) This appropriation is available until June 30, 2026.

(c) The base for fiscal year 2026 and later is \$0.

Subd. 3. **Read Act curriculum and intervention materials reimbursement.** (a) To reimburse school districts, charter schools, and cooperative units for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy:

\$	<u>35,000,000</u>	.....	<u>2024</u>
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(b) The commissioner must use this appropriation to reimburse school districts, charter schools, and cooperatives for approved evidence-based structured literacy curriculum and supporting materials, and intervention materials purchased after July 1, 2021. An applicant must apply for the reimbursement in the form and manner determined by the commissioner.

(c) The commissioner must report to the legislative committees with jurisdiction over kindergarten through grade 12 education the districts, charter schools, and cooperative units that receive literacy grants and the amounts of each grant, by January 15, 2025, according to Minnesota Statutes, section 3.195.

(d) A school district, charter school, or cooperative unit must purchase curriculum and instructional materials that reflect diverse populations.

(e) Of this amount, up to \$250,000 is available for grant administration.

(f) This is a onetime appropriation and is available until June 30, 2028.

Subd. 4. **Read Act professional development.** (a) For evidence-based training on structured literacy for teachers working in school districts, charter schools, and cooperatives:

\$	<u>34,950,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) Of the amount in paragraph (a), \$18,000,000 is for regional literacy networks and \$16,700,000 is for statewide training. The department must use the funding to develop regional literacy networks as a partnership between the department and the Minnesota service cooperatives, and to administer statewide training based in structured literacy to be offered free to school districts and charter schools and facilitated by the regional literacy networks and the department. The regional literacy networks must focus on implementing comprehensive literacy reform efforts based on structured literacy. Each regional literacy network must add a literacy lead position and establish a team of trained literacy coaches to facilitate evidence-based structured literacy training opportunities and ongoing supports to school districts and charter schools in each of their regions.

(c) Of the amount in paragraph (a), \$250,000 is for administration.

(d) If funds remain unspent on July 1, 2026, the commissioner must expand eligibility for approved training to include principals and other district, charter school, or cooperative administrators.

(e) The commissioner must report to the legislative committees with jurisdiction over kindergarten through grade 12 education the number of teachers from each district who received approved structured literacy training using funds under this subdivision, and the amounts awarded to districts, charter schools, or cooperatives.

(f) The regional literacy networks and staff at the Department of Education must provide ongoing support to school districts, charter schools, and cooperatives implementing evidence-based literacy instruction.

(g) This appropriation is available until June 30, 2028. The base for fiscal year 2026 and later is \$7,750,000, of which \$6,500,000 is for the regional literacy networks and \$1,250,000 is for statewide training.

Subd. 5. **Department literacy specialist.** (a) For a full-time literacy specialist at the Department of Education:

\$	<u>\$250,000</u>	.....	<u>2024</u>
\$	<u>\$250,000</u>	.....	<u>2025</u>

(b) The base for fiscal year 2026 and later is \$250,000.

Sec. 12. **REPEALER.**

Minnesota Statutes 2022, section 122A.06, subdivision 4, is repealed.

## ARTICLE 4

### AMERICAN INDIAN EDUCATION

Section 1. Minnesota Statutes 2022, section 13.32, subdivision 3, is amended to read:

Subd. 3. **Private data; when disclosure is permitted.** Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) pursuant to section 13.05;

(b) pursuant to a valid court order;

(c) pursuant to a statute specifically authorizing access to the private data;

(d) to disclose information in health, including mental health, and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I), and Code of Federal Regulations, title 34, section 99.36;

(e) pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3), (b)(6), (b)(7), and (i), and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, 99.35, and 99.39;

(f) to appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;

(g) when disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, section 1092;

(h) to the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a postsecondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction;

(i) to appropriate authorities as provided in United States Code, title 20, section 1232g(b)(1)(E)(ii), if the data concern the juvenile justice system and the ability of the system to effectively serve, prior to adjudication, the student whose records are released; provided that the authorities to whom the data are released submit a written request for the data that certifies that the data will not be disclosed to any other person except as authorized by law without the written consent of the parent of the student and the request and a record of the release are maintained in the student's file;

(j) to volunteers who are determined to have a legitimate educational interest in the data and who are conducting activities and events sponsored by or endorsed by the educational agency or institution for students or former students;

(k) to provide student recruiting information, from educational data held by colleges and universities, as required by and subject to Code of Federal Regulations, title 32, section 216;

(l) to the juvenile justice system if information about the behavior of a student who poses a risk of harm is reasonably necessary to protect the health or safety of the student or other individuals;

(m) with respect to Social Security numbers of students in the adult basic education system, to Minnesota State Colleges and Universities and the Department of Employment and Economic Development for the purpose and in the manner described in section 124D.52, subdivision 7;

(n) to the commissioner of education for purposes of an assessment or investigation of a report of alleged maltreatment of a student as mandated by chapter 260E. Upon request by the commissioner of education, data that are relevant to a report of maltreatment and are from charter school and school district investigations of alleged maltreatment of a student must be disclosed to the commissioner, including, but not limited to, the following:

(1) information regarding the student alleged to have been maltreated;

(2) information regarding student and employee witnesses;

(3) information regarding the alleged perpetrator; and

(4) what corrective or protective action was taken, if any, by the school facility in response to a report of maltreatment by an employee or agent of the school or school district;

(o) when the disclosure is of the final results of a disciplinary proceeding on a charge of a crime of violence or nonforcible sex offense to the extent authorized under United States Code, title 20, section 1232g(b)(6)(A) and (B), and Code of Federal Regulations, title 34, sections 99.31(a)(13) and (14);

(p) when the disclosure is information provided to the institution under United States Code, title 42, section 14071, concerning registered sex offenders to the extent authorized under United States Code, title 20, section 1232g(b)(7); ~~or~~

(q) when the disclosure is to a parent of a student at an institution of postsecondary education regarding the student's violation of any federal, state, or local law or of any rule or policy of the institution, governing the use or possession of alcohol or of a controlled substance, to the extent authorized under United States Code, title 20, section 1232g(i), and Code of Federal Regulations, title 34, section 99.31(a)(15), and provided the institution has an information release form signed by the student authorizing disclosure to a parent. The institution must notify parents and students about the purpose and availability of the information release forms. At a minimum, the institution must distribute the information release forms at parent and student orientation meetings; or

(r) with federally recognized Tribal Nations about Tribally enrolled or descendant students to the extent necessary for the Tribal Nation and school district or charter school to support the educational attainment of the student.

Sec. 2. Minnesota Statutes 2022, section 120A.42, is amended to read:

**120A.42 CONDUCT OF SCHOOL ON CERTAIN HOLIDAYS.**

(a) The governing body of any district may contract with any of the teachers of the district for the conduct of schools, and may conduct schools, on either, or any, of the following holidays, provided that a clause to this effect is inserted in the teacher's contract: Martin Luther King's birthday, Lincoln's and Washington's birthdays, ~~Columbus Day~~ Indigenous Peoples Day, and Veterans' Day.

On Martin Luther King's birthday, Washington's birthday, Lincoln's birthday, and Veterans' Day at least one hour of the school program must be devoted to a patriotic observance of the day. On Indigenous Peoples Day, at least one hour of the school program must be devoted to observance of the day. As part of its observance of Indigenous Peoples Day, a district may provide professional development to teachers and staff, or instruction to students, on the following topics:

- (1) the history of treaties between the United States and Indigenous peoples;
- (2) the history of federal boarding schools for Indigenous children;
- (3) Indigenous languages;
- (4) Indigenous traditional medicines and cultural or spiritual practices;
- (5) the sovereignty of Tribal nations;
- (6) the contributions of Indigenous people to American culture, literature, and society; and
- (7) current issues affecting Indigenous communities.

(b) A district may conduct a school program to honor Constitution Day and Citizenship Day by providing opportunities for students to learn about the principles of American democracy, the American system of government, American citizens' rights and responsibilities, American history, and American geography, symbols, and holidays. Among other activities under this paragraph, districts may administer to students the test questions United States Citizenship and Immigration Services officers pose to applicants for naturalization.

Sec. 3. Minnesota Statutes 2022, section 120B.021, subdivision 2, is amended to read:

Subd. 2. **Standards development.** (a) The commissioner must consider advice from at least the following stakeholders in developing statewide rigorous core academic standards in language arts, mathematics, science, social studies, including history, geography, economics, government and citizenship, and the arts:

- (1) parents of school-age children and members of the public throughout the state;
- (2) teachers throughout the state currently licensed and providing instruction in language arts, mathematics, science, social studies, or the arts and licensed elementary and secondary school principals throughout the state currently administering a school site;
- (3) currently serving members of local school boards and charter school boards throughout the state;
- (4) faculty teaching core subjects at postsecondary institutions in Minnesota; ~~and~~
- (5) representatives of the Minnesota business community; and
- (6) representatives from the Tribal Nations Education Committee and Tribal Nations and communities in Minnesota, including both Anishinaabe and Dakota.

(b) Academic standards must:

- (1) be clear, concise, objective, measurable, and grade-level appropriate;
- (2) not require a specific teaching methodology or curriculum; and
- (3) be consistent with the Constitutions of the United States and the state of Minnesota.

Sec. 4. Minnesota Statutes 2022, section 120B.021, subdivision 4, as amended by Laws 2023, chapter 17, section 1, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise ~~and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into~~ the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian Tribes and communities, including urban Indigenous communities, as related to the academic standards during the review and revision of the required academic standards. The commissioner must embed Indigenous education for all students consistent with recommendations from Tribal Nations and urban Indigenous communities in Minnesota regarding the contributions of American Indian Tribes and communities in Minnesota into the state's academic standards during the review and revision of the required academic standards. The recommendations to embed Indigenous education for all students includes but is not limited to American Indian experiences in Minnesota, including Tribal histories, Indigenous languages, sovereignty issues, cultures, treaty rights, governments, socioeconomic experiences, contemporary issues, and current events.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2021-2022 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2017-2018 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2018-2019 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2019-2020 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2020-2021 school year and every ten years thereafter.

(g) The commissioner must implement a review of the academic standards and related benchmarks in physical education beginning in the 2026-2027 school year and every ten years thereafter.

(h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

(i) The commissioner of education must embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements.

(j) The commissioner of education must embed ethnic studies as related to the academic standards during the review and revision of the required academic standards.

Sec. 5. Minnesota Statutes 2022, section 120B.021, is amended by adding a subdivision to read:

Subd. 5. **Indigenous education for all students.** To support implementation of Indigenous education for all students, the commissioner must:

(1) provide historically accurate, Tribally endorsed, culturally relevant, community-based, contemporary, and developmentally appropriate resources. Resources to implement standards must include professional development and must demonstrate an awareness and understanding of the importance of accurate, high-quality materials about the histories, languages, cultures, and governments of local Tribes;

(2) provide resources to support all students learning about the histories, languages, cultures, governments, and experiences of their American Indian peers and neighbors. Resources to implement standards across content areas must be developed to authentically engage all students and support successful learning; and

(3) conduct a needs assessment by December 31, 2023. The needs assessment must fully inform the development of future resources for Indigenous education for all students by using information from American Indian Tribes and communities in Minnesota, including urban Indigenous communities, Minnesota's Tribal Nations Education Committee, schools and districts, students, and educational organizations. The commissioner must submit a report on the findings and recommendations from the needs assessment to the chairs and ranking minority members of legislative committees with jurisdiction over education; to the American Indian Tribes and communities in Minnesota, including urban Indigenous communities; and to all schools and districts in the state by February 1, 2024.

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

Sec. 6. **[121A.041] AMERICAN INDIAN MASCOTS PROHIBITED.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "American Indian" means an individual who is:

(1) a member of an Indian Tribe or band, as membership is defined by the Tribe or band, including:

(i) any Tribe or band terminated since 1940; and

(ii) any Tribe or band recognized by the state in which the Tribe or band resides;

(2) a descendant, in the first or second degree, of an individual described in clause (1);

(3) considered by the Secretary of the Interior to be an Indian for any purpose;

(4) an Inuit, Aleut, or other Alaska Native; or

(5) a member of an organized Indian group that received a grant under the Indian Education Act of 1988 as in effect the day preceding October 20, 1994.

(c) "District" means a district under section 120A.05, subdivision 8.

(d) "Mascot" means any human, nonhuman animal, or object used to represent a school and its population.

(e) "Public school" or "school" means a public school under section 120A.05, subdivisions 9, 11, 13, and 17, and a charter school under chapter 124E.

Subd. 2. **Prohibition on American Indian mascots.** (a) Starting September 1, 2025, a public school may not have or adopt a name, symbol, or image that depicts or refers to an American Indian Tribe, individual, custom, or tradition to be used as a mascot, nickname, logo, letterhead, or team name of the school, district, or school within the district, unless the school has obtained an exemption under subdivision 3.

(b) The prohibition in paragraph (a) does not apply to a public school located within the reservation of a federally recognized Tribal Nation in Minnesota, where at least 95 percent of students meet the state definition of American Indian student.

Subd. 3. **Exemption.** A public school may seek an exemption to subdivision 2 by submitting a request in writing to all 11 federally recognized Tribal Nations in Minnesota and to the Tribal Nations Education Committee by September 1, 2023. The exemption is denied if any of the 11 Tribal Nations or the Tribal Nations Education Committee oppose the exemption by December 15, 2023. A public school whose request for an exemption is denied must comply with subdivision 2 by September 1, 2025.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 7. Minnesota Statutes 2022, section 122A.63, is amended by adding a subdivision to read:

Subd. 10. **Minnesota Indian teacher training program account.** (a) An account is established in the special revenue fund known as the "Minnesota Indian teacher training program account."

(b) Funds appropriated for the Minnesota Indian teacher training program under this section must be transferred to the Minnesota Indian teacher training program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for the Minnesota Indian teacher training program under this section. Any returned funds are available to be regranted. Grant recipients may apply to use grant money over a period of up to 60 months.

(d) Up to \$75,000 annually is appropriated to the commissioner for costs associated with administering and monitoring the program under this section.

Sec. 8. Minnesota Statutes 2022, section 124D.73, is amended by adding a subdivision to read:

Subd. 5. **American Indian student.** "American Indian student" means a student who identifies as American Indian or Alaska Native, as defined by the state on October 1 of the previous school year.

Sec. 9. Minnesota Statutes 2022, section 124D.74, subdivision 1, is amended to read:

Subdivision 1. **Program described.** American Indian education programs are programs in public elementary and secondary schools, nonsectarian nonpublic, community, Tribal, charter, or alternative schools enrolling American Indian children designed to:

- (1) support postsecondary preparation for American Indian pupils;
- (2) support the academic achievement of American Indian ~~students~~ pupils;
- (3) make the curriculum relevant to the needs, interests, and cultural heritage of American Indian pupils;
- (4) provide positive reinforcement of the self-image of American Indian pupils;
- (5) develop intercultural awareness among pupils, parents, and staff; and
- (6) supplement, not supplant, state and federal educational and cocurricular programs.

Program services designed to increase completion and graduation rates of American Indian students must emphasize academic achievement, retention, and attendance; development of support services for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including innovative teaching approaches and evaluation of methods of relating to American Indian pupils; provision of career counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and ~~supplemental~~ instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision of program services by establishing cooperative liaisons with Tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.

Sec. 10. Minnesota Statutes 2022, section 124D.74, subdivision 3, is amended to read:

Subd. 3. **Enrollment of other children; shared time enrollment.** ~~To the extent it is economically feasible~~ that the unique educational and culturally related academic needs of American Indian people are met and American Indian student accountability factors are the same or higher than their non-American Indian peers, a district or participating school may make provision for the voluntary enrollment of non-American Indian children in the instructional components of an American Indian education program in order that they may acquire an understanding of the cultural heritage of the American Indian children for whom that particular program is designed. However, in determining eligibility to participate in a program, priority must be given to American Indian children. American Indian children ~~and other children~~ enrolled in an existing nonpublic school system may be enrolled on a shared time basis in American Indian education programs.

Sec. 11. Minnesota Statutes 2022, section 124D.74, subdivision 4, is amended to read:

Subd. 4. **Location of programs.** American Indian education programs must be located in ~~facilities~~ educational settings in which regular classes in a variety of subjects are offered on a daily basis. Programs may operate on an extended day or extended year basis, including school districts, charter schools, and Tribal contract schools that offer virtual learning environments.

Sec. 12. Minnesota Statutes 2022, section 124D.74, is amended by adding a subdivision to read:

Subd. 7. **American Indian culture and language classes.** (a) A district or participating school that conducts American Indian education programs under sections 124D.71 to 124D.82 must provide American Indian culture and language classes if: (1) at least five percent of students are American Indian students; or (2) 100 or more students are American Indian students.

(b) For purposes of this subdivision, "American Indian students" means students identified by the state count of American Indian students on October 1 of the previous school year.

Sec. 13. Minnesota Statutes 2022, section 124D.76, is amended to read:

**124D.76 COMMUNITY COORDINATORS, INDIAN HOME/SCHOOL LIAISONS, AMERICAN INDIAN EDUCATION PROGRAM COORDINATORS, PARAPROFESSIONALS.**

In addition to employing American Indian language and culture education teachers, each district or participating school providing programs pursuant to sections 124D.71 to 124D.82 may employ paraprofessionals. Paraprofessionals must not be employed for the purpose of supplanting American Indian language and culture education teachers.

Any district or participating school ~~which~~ that conducts American Indian education programs pursuant to sections 124D.71 to 124D.82 must employ one or more full-time or part-time ~~community coordinators or Indian home/school liaisons if there are~~ dedicated American Indian education program coordinators in a district with 100 or more state-identified American Indian students enrolled in the district. Community coordinators shall A dedicated American Indian education program coordinator must promote communication, understanding, and cooperation between the schools and the community and shall must visit the homes of children who are to be enrolled in an American Indian education program in order to convey information about the program.

Sec. 14. Minnesota Statutes 2022, section 124D.78, is amended to read:

**124D.78 PARENT AND COMMUNITY PARTICIPATION.**

Subdivision 1. **Parent committee.** ~~School boards and American Indian schools~~ School districts, charter schools, Tribal contract schools, and the respective school boards must provide for the maximum involvement of parents of American Indian children enrolled in American Indian education programs, programs for elementary and secondary grades, special education programs, and support services. Accordingly, ~~the board of a school district~~ school districts, charter schools, and Tribal contract schools in which there are ten or more state-identified American Indian students enrolled ~~and each American Indian school~~ must establish an American Indian ~~education~~ Parent Advisory Committee. If a committee whose membership consists of a majority of parents of American Indian children has been or is established according to federal, Tribal, or other state law, that committee may serve as the committee required by this section and is subject to, at least, the requirements of this subdivision and subdivision 2.

The American Indian ~~education~~ Parent Advisory Committee must develop its recommendations in consultation with the curriculum advisory committee required by section 120B.11, subdivision 3. This committee must afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of American Indian education and the educational needs of the American Indian children enrolled in the school or program. ~~The school board or American Indian school~~ School districts, charter schools, and Tribal contract schools must ensure that programs are planned, operated, and evaluated with the involvement of and in consultation with parents of the American Indian students served by the programs.

Subd. 2. **Resolution of concurrence** Annual compliance. Prior to March 1, ~~the school board or American Indian school~~ must submit to the department a copy of a resolution adopted by the American Indian education parent advisory committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian students offered by the ~~school board or American Indian school~~. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted directly to the school board with the resolution. ~~By resolution, the board must respond in writing within 60 days, in cases of nonconcurrence, to each recommendation made by the committee and state its reasons for not implementing the recommendations.~~ American Indian Parent Advisory Committee must meet to discuss whether or not they concur with the educational offerings that have been extended by the district to American Indian students. If the committee finds that the district, charter school, Tribal contract school, and the school board have been meeting the needs of American Indian students, they issue a vote and resolution of concurrence. If they find that the needs of American Indian students are not being met, they issue a vote and resolution of nonconcurrence. The vote and resolution must be presented to the school board by one or more members of the American Indian Parent Advisory Committee. The vote is formally reflected on documentation provided by the Department of Education and must be submitted annually on March 1.

If the vote is one of nonconcurrence, the committee must provide written recommendations for improvement to the school board at the time of the presentation. In the case of nonconcurrence, the school board is given 60 days in which to respond, in writing, to the committee's recommendations. The board response must be signed by the entire school board and submitted to both the American

Indian Parent Advisory Committee and to the Department of Education. The resolution must be accompanied by Parent Advisory Committee meeting minutes that show they have been appraised by the district on the goals of the Indian Education Program Plan and the measurement of progress toward those goals.

Subd. 3. **Membership.** The American Indian ~~education~~ Parent Advisory Committee must be composed of parents or guardians of American Indian children eligible to be enrolled in American Indian education programs; American Indian secondary students eligible to be served; American Indian family members of students eligible to be enrolled in American Indian education programs; American Indian language and culture education teachers and paraprofessionals; American Indian teachers; American Indian district employees; American Indian counselors; adult American Indian people enrolled in educational programs; and representatives from community groups. A American Indian community members. The majority of each committee must be the parents or guardians of the American Indian children enrolled or eligible to be enrolled in the programs. ~~The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the programs.~~

Subd. 4. **Alternate committee.** If the organizational membership or the board of directors of ~~an American Indian school~~ a Tribal contract school consists of parents of children attending the school, that membership or board may serve also as the American Indian ~~education~~ Parent Advisory Committee.

Subd. 5. **State-identified American Indian.** For the purposes of sections 124D.71 to 124D.82, the number of students who identify as American Indian or Alaska Native, as defined by the state of Minnesota on October 1 of the previous school year, will be used to determine the state-identified American Indian student counts for school districts, charter schools, and Tribal contract schools for the subsequent school year.

Sec. 15. Minnesota Statutes 2022, section 124D.79, subdivision 2, is amended to read:

Subd. 2. **Technical assistance.** The commissioner shall provide technical assistance to districts, schools and postsecondary institutions for preservice and in-service training for teachers, American Indian education teachers and paraprofessionals specifically designed to implement culturally responsive teaching methods, culturally based curriculum development, testing and testing mechanisms, ~~and~~ the development of materials for American Indian education programs, and the annual report of American Indian student data using the state count.

Sec. 16. Minnesota Statutes 2022, section 124D.791, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** The American Indian education director shall:

(1) ~~serve as the liaison for the department~~ work collaboratively and in conjunction with the Tribal Liaison, the Tribal Nations Education Committee, the 11 Tribal communities nations in Minnesota, the Minnesota Chippewa Tribe, and the Minnesota Indian Affairs Council;

(2) evaluate the state of American Indian education in Minnesota;

(3) engage the Tribal bodies, community groups, parents of children eligible to be served by American Indian education programs, American Indian administrators and teachers, persons

experienced in the training of teachers for American Indian education programs, the Tribally controlled schools, and other persons knowledgeable in the field of American Indian education and seek their advice on policies that can improve the quality of American Indian education;

(4) advise the commissioner on American Indian education issues, including:

(i) issues facing American Indian students;

(ii) policies for American Indian education;

(iii) awarding scholarships to eligible American Indian students and in administering the commissioner's duties regarding awarding of American Indian education grants to school districts; and

(iv) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs for the education of American Indian people;

(5) propose to the commissioner legislative changes that will improve the quality of American Indian education;

(6) develop a strategic plan and a long-term framework for American Indian education, in conjunction with the Minnesota Indian Affairs Council, that is updated every five years and implemented by the commissioner, with goals to:

(i) increase American Indian student achievement, including increased levels of proficiency and growth on statewide accountability assessments;

(ii) increase the number of American Indian teachers in public schools;

(iii) close the achievement gap between American Indian students and their more advantaged peers;

(iv) increase the statewide graduation rate for American Indian students; and

(v) increase American Indian student placement in postsecondary programs and the workforce; and

(7) keep the American Indian community informed about the work of the department by reporting to the Tribal Nations Education Committee at each committee meeting.

**Sec. 17. [124D.792] GRADUATION CEREMONIES; TRIBAL REGALIA AND OBJECTS OF CULTURAL SIGNIFICANCE.**

A school district or charter school must not prohibit an American Indian student from wearing American Indian regalia, Tribal regalia, or objects of cultural significance at a graduation ceremony.

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

Sec. 18. Minnesota Statutes 2022, section 124D.81, is amended to read:

**124D.81 AMERICAN INDIAN EDUCATION AID.**

Subdivision 1. **Procedures.** A school district, charter school, cooperative unit as defined in section 123A.24, subdivision 2, or American Indian-controlled Tribal contract or grant school enrolling at least 20 American Indian students identified by the state count on October 1 of the previous school year ~~and operating an American Indian education program according to section 124D.74~~ is eligible for American Indian education aid if it meets the requirements of this section. Programs may provide for contracts for the provision of program components by nonsectarian nonpublic, community, Tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for aids, and no aid shall be made for a program not complying with the requirements of sections 124D.71 to 124D.82.

Subd. 2. **Plans.** To ~~qualify for receive aid~~, an eligible district, charter school, cooperative unit as defined in section 123A.24, subdivision 2, or Tribal contract school must develop and submit a plan for approval by the Indian education director that shall:

- (a) Identify the measures to be used to meet the requirements of sections 124D.71 to 124D.82;
- (b) Identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program;
- (c) Describe how district goals and objectives as well as the objectives of sections 124D.71 to 124D.82 are to be achieved;
- (d) Demonstrate that required and elective courses as structured do not have a discriminatory effect within the meaning of section 124D.74, subdivision 5;
- (e) Describe how each school program will be organized, staffed, coordinated, and monitored; and
- (f) Project expenditures for programs under sections 124D.71 to 124D.82.

Subd. 2a. **American Indian education aid.** (a) The American Indian education aid for an eligible district, cooperative unit, or Tribal contract school equals the greater of (1) the sum of ~~\$20,000~~ \$40,000 plus the product of ~~\$358~~ \$500 times the difference between the number of American Indian students enrolled on October 1 of the previous school year and 20; or (2) if the district or school received a grant under this section for fiscal year 2015, the amount of the grant for fiscal year 2015.

(b) Notwithstanding paragraph (a), the American Indian education aid must not exceed the district, cooperative unit, or Tribal contract school's actual expenditure according to the approved plan under subdivision 2, except as provided in subdivision 2b.

Subd. 2b. **Carry forward of funds.** Notwithstanding section 16A.28, if a school district or Tribal contract school does not expend the full amount of the American Indian education aid in accordance with the plan in the designated fiscal year, the school district or Tribal contract school may carry forward and expend up to half of the remaining funds in the first six months of the following fiscal year, and is not subject to an aid reduction if:

- (1) the district is otherwise following the plan submitted and approved under subdivision 2;

(2) the American Indian Parent Advisory Committee for the school is aware of and has approved the carry forward and has concurred with the district's educational offerings extended to American Indian students under section 124D.78;

(3) the funds carried over are used in accordance with section 124D.74, subdivision 1; and

(4) by April 1, the district reports to the Department of Education American Indian education director the reason the aid was not expended in the designated fiscal year, and describes how the district intends to expend the funds in the following fiscal year. The district must report this information in the form and manner determined by the commissioner.

Subd. 3. **Additional requirements.** Each district or cooperative unit receiving aid under this section must each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools must maintain records concerning the needs and achievements of American Indian children served.

Subd. 4. **Nondiscrimination; testing.** In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment, and classification of American Indian children must be selected and administered so as not to be racially or culturally discriminatory and must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children.

Subd. 5. **Records.** Participating schools ~~and~~, districts, and cooperative units must keep records and afford access to them as the commissioner finds necessary to ensure that American Indian education programs are implemented in conformity with sections 124D.71 to 124D.82. Each school district, cooperative unit, or participating school must keep accurate, detailed, and separate revenue and expenditure accounts for ~~the~~ American Indian education programs funded under this section.

Subd. 6. **Money from other sources.** A district, cooperative unit, or participating school providing American Indian education programs shall be eligible to receive moneys for these programs from other government agencies and from private sources when the moneys are available.

Subd. 7. **Exceptions.** Nothing in sections 124D.71 to 124D.82 shall be construed as prohibiting a district, cooperative unit, or school from implementing an American Indian education program which is not in compliance with sections 124D.71 to 124D.82 if the proposal and plan for that program is not funded pursuant to this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment for aid for fiscal year 2024 and later.

Sec. 19. Minnesota Statutes 2022, section 126C.05, subdivision 19, is amended to read:

Subd. 19. **Online learning students.** (a) The average daily membership for a public school pupil or a pupil enrolled in a school authorized to receive Tribal contract or grant aid under section 124D.83 generating online learning average daily membership according to section ~~124D.095, subdivision 8,~~ 124D.094, subdivision 7, paragraph (b), equals the sum of: (1) the ratio of the sum of the number of instructional hours the pupil is enrolled in a regular classroom setting at the enrolling

school to the actual number of instructional hours in the school year at the enrolling school, plus (2) .12 times the initial online learning average daily membership according to section ~~124D.095, subdivision 8~~, 124D.094, subdivision 7, paragraph (b).

(b) When the sum of the average daily membership under paragraph (a) and the adjusted online learning average daily membership under section ~~124D.095, subdivision 8~~, 124D.094, subdivision 7, paragraph (b), exceeds the maximum allowed for the student under subdivision 8 or 15, as applicable, the average daily membership under paragraph (a) shall be reduced by the excess over the maximum, but shall not be reduced below .12. The adjusted online learning average daily membership according to section ~~124D.095, subdivision 8~~, 124D.094, subdivision 7, paragraph (b), shall be reduced by any remaining excess over the maximum.

Sec. 20. Minnesota Statutes 2022, section 144.4165, is amended to read:

**144.4165 TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.**

(a) No person shall at any time smoke, chew, or otherwise ingest tobacco, or carry or use an activated electronic delivery device as defined in section 609.685, subdivision 1, in a public school, as defined in section 120A.05, subdivisions 9, 11, and 13, or in a charter school governed by chapter 124E. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls.

(b) Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. An American Indian student may carry a medicine pouch containing loose tobacco intended as observance of traditional spiritual or cultural practices. For purposes of this section, an Indian is a person who is a member of an Indian Tribe as defined in section 260.755, subdivision 12.

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

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. American Indian education aid. (a) For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$	<u>17,949,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>19,266,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$1,159,000 for 2023 and \$16,790,000 for 2024.

(c) The 2025 appropriation includes \$1,865,000 for 2024 and \$17,401,000 for 2025.

Subd. 3. Minnesota Indian teacher training program grants. (a) For joint grants to assist people who are American Indian to become teachers under Minnesota Statutes, section 122A.63:

\$	<u>2,210,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>600,000</u>	<u>.....</u>	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 122A.63, subdivision 10.

Subd. 4. **Native language revitalization grants to schools.** (a) For grants to school districts and charter schools to offer language instruction in Dakota and Anishinaabe languages or another language indigenous to the United States or Canada:

\$	<u>7,500,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>7,500,000</u>	<u>.....</u>	<u>2025</u>

(b) Grant amounts are to be determined based upon the number of schools within a district implementing language courses. Eligible expenses include costs for teachers, program supplies, and curricular resources.

(c) Up to five percent of the grant amount is available for grant administration and monitoring.

(d) Up to \$300,000 each year is for administrative and programmatic capacity at the Department of Education.

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

Subd. 5. **Tribal contract school aid.** (a) For Tribal contract school aid under Minnesota Statutes, section 124D.83:

\$	<u>2,585,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>2,804,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$255,000 for 2023 and \$2,330,000 for 2024.

(c) The 2025 appropriation includes \$258,000 for 2024 and \$2,546,000 for 2025.

## ARTICLE 5

### TEACHERS

Section 1. Minnesota Statutes 2022, section 120A.414, subdivision 2, is amended to read:

Subd. 2. **Plan.** A school board, including the board of a charter school, may adopt an e-learning day plan after ~~consulting~~ meeting and negotiating with the exclusive representative of the teachers. ~~A~~ If a charter school's teachers are not represented by an exclusive representative, the charter school may adopt an e-learning day plan after consulting with its teachers. The plan must include accommodations for students without Internet access at home and for digital device access for families without the technology or an insufficient amount of technology for the number of children in the household. A school's e-learning day plan must provide accessible options for students with disabilities under chapter 125A.

#### Sec. 2. **[120B.101] CURRICULUM.**

No school district or charter school may discriminate against or discipline a teacher or principal on the basis of incorporating into curriculum contributions of persons in a federally protected class

or state protected class when the included contribution is in alignment with standards and benchmarks adopted under sections 120B.021 and 120B.023.

Sec. 3. **[120B.113] CLOSING EDUCATIONAL OPPORTUNITY GAPS GRANTS.**

Subdivision 1. **Grant program established.** The commissioner of education must establish a grant program to support implementation of world's best workforce strategies under section 120B.11, subdivision 2, clauses (4) and (6), and collaborative efforts that address opportunity gaps resulting from curricular, environmental, and structural inequities in schools experienced by students, families, and staff who are of color or who are American Indian.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Antiracist" has the meaning given in section 120B.11, subdivision 1.

(c) "Curricular" means curriculum resources used and content taught as well as access to levels of coursework or types of learning opportunities.

(d) "Environmental" means relating to the climate and culture of a school.

(e) "Equitable" means fairness by providing curriculum, instruction, support, and other resources for learning based on the needs of individual students and groups of students to succeed at school rather than treating all students the same despite the students having different needs.

(f) "Institutional racism" has the meaning given in section 120B.11, subdivision 1.

(g) "Opportunity gap" means the inequitable distribution of resources that impacts inequitable opportunities that contribute to or perpetuate learning gaps for certain groups of students.

(h) "Structural" means relating to the organization and systems of a school that have been created to manage a school.

Subd. 3. **Applications and grant awards.** The commissioner must determine application procedures and deadlines, select districts and charter schools to participate in the grant program, and determine the award amount and payment process of the grants. To the extent that there are sufficient applications, the commissioner must award an approximately equal number of grants between districts in greater Minnesota and those in the Twin Cities metropolitan area. If there are an insufficient number of applications received for either geographic area, then the commissioner may award grants to meet the requests for funds wherever a district is located.

Subd. 4. **Description.** The grant program must provide funding that supports collaborative efforts that close opportunity gaps by:

(1) ensuring school environments and curriculum validate, affirm, embrace, and integrate cultural and community strengths of students, families, and employees from all racial and ethnic backgrounds; and

(2) addressing institutional racism with equitable school policies, structures, practices, and curricular offerings, consistent with the requirements for long-term plans under section 124D.861, subdivision 2, paragraph (c).

Subd. 5. **Report.** Grant recipients must annually report to the commissioner by a date and in a form and manner determined by the commissioner on efforts planned and implemented that engaged students, families, educators, and community members of diverse racial and ethnic backgrounds in making improvements to school climate and curriculum. The report must assess the impact of those efforts as perceived by racially and ethnically diverse stakeholders, and must identify any areas needed for further continuous improvement. The commissioner must publish a report for the public summarizing the activities of grant recipients and what was done to promote sharing of effective practices among grant recipients and potential grant applicants.

Sec. 4. **[120B.117] INCREASING PERCENTAGE OF TEACHERS OF COLOR AND AMERICAN INDIAN TEACHERS IN MINNESOTA.**

Subdivision 1. **Purpose.** This section sets short-term and long-term attainment goals for increasing the percentage of teachers of color and who are American Indian teachers in Minnesota and for ensuring all students have equitable access to effective and racially and ethnically diverse teachers who reflect the diversity of students. The goals and report required under this section are important for meeting attainment goals for the world's best workforce under section 120B.11, achievement and integration under section 124D.861, and higher education attainment under section 135A.012, all of which have been established to close persistent opportunity and achievement gaps that limit students' success in school and life and impede the state's economic growth.

Subd. 2. **Equitable access to racially and ethnically diverse teachers.** The percentage of teachers in Minnesota who are of color or who are American Indian should increase at least two percentage points per year to have a teaching workforce that more closely reflects the state's increasingly diverse student population and to ensure all students have equitable access to effective and diverse teachers by 2040.

Subd. 3. **Rights not created.** The attainment goal in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person.

Subd. 4. **Reporting.** Beginning in 2024 and every even-numbered year thereafter, the Professional Educator Licensing and Standards Board must collaborate with the Department of Education and the Office of Higher Education to publish a summary report of each of the programs they administer and any other programs receiving state appropriations that have or include an explicit purpose of increasing the racial and ethnic diversity of the state's teacher workforce to more closely reflect the diversity of students. The report must include programs under sections 122A.59, 122A.63, 122A.635, 122A.70, 122A.73, 124D.09, 124D.861, 136A.1274, 136A.1276, and 136A.1791, along with any other programs or initiatives that receive state appropriations to address the shortage of teachers of color and American Indian teachers. The board must, in coordination with the Office of Higher Education and Department of Education, provide policy and funding recommendations related to state-funded programs to increase the recruitment, preparation, licensing, hiring, and retention of racially and ethnically diverse teachers and the state's progress toward meeting or exceeding the goals of this section. The report must include recommendations for state policy and funding needed to achieve the goals of this section, plans for sharing the report and activities of grant recipients,

and opportunities among grant recipients of various programs to share effective practices with each other. The 2024 report must include a recommendation of whether a state advisory council should be established to address the shortage of racially and ethnically diverse teachers and what the composition and charge of such an advisory council would be if established. The board must consult with the Indian Affairs Council and other ethnic councils along with other community partners, including students of color and American Indian students, in developing the report. By November 3 of each odd-numbered year, the board must submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over education and higher education policy and finance. The report must be available to the public on the board's website.

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

Sec. 5. **[122A.04] LICENSE REQUIRED.**

Pursuant to section 120A.22, subdivision 10, a teacher must hold a field license or a permission aligned to the content area and scope of the teacher's assignment to provide instruction in a public school, including a charter school.

Sec. 6. Minnesota Statutes 2022, section 122A.06, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For the purpose of sections ~~122A.05~~ 122A.04 to 122A.093; and 122A.15 to 122A.33, the terms defined in this section have the meanings given them, unless another meaning is clearly indicated.

Sec. 7. Minnesota Statutes 2022, section 122A.06, subdivision 2, is amended to read:

Subd. 2. **Teacher.** "Teacher" means a classroom teacher or other similar professional employee required by law to hold a license from the Professional Educator Licensing and Standards Board.

Sec. 8. Minnesota Statutes 2022, section 122A.06, subdivision 5, is amended to read:

Subd. 5. **Field.** A "field," "licensure area," or "subject area" means the content area in which a teacher may become licensed to teach.

Sec. 9. Minnesota Statutes 2022, section 122A.06, subdivision 6, is amended to read:

Subd. 6. **Shortage area.** "Shortage area" means:

(1) licensure fields and economic development regions reported by the ~~commissioner of education~~ or the Professional Educator Licensing and Standards Board as experiencing a teacher shortage; and

(2) economic development regions where ~~there is a shortage of licensed teachers who reflect the racial or ethnic diversity of students in the region.~~ the aggregate percentage of Indigenous teachers and teachers of color in the region is lower than the aggregate percentage of kindergarten through grade 12 Indigenous students and students of color in that region. Only individuals who close the gap between these percentages qualify as filling a shortage by this definition.

Sec. 10. Minnesota Statutes 2022, section 122A.06, subdivision 7, is amended to read:

Subd. 7. **Teacher preparation program.** "Teacher preparation program" means a program approved by the Professional Educator Licensing and Standards Board for the purpose of preparing individuals for a specific teacher licensure field in Minnesota. ~~Teacher preparation programs include traditional programs delivered by postsecondary institutions, alternative teacher preparation programs, and nonconventional teacher preparation programs.~~

Sec. 11. Minnesota Statutes 2022, section 122A.06, subdivision 8, is amended to read:

Subd. 8. **Teacher preparation program provider.** "Teacher preparation program provider" or "unit" means an entity that has primary responsibility for overseeing and delivering a teacher preparation program. Teacher preparation program providers include institutes of higher education, school districts, charter schools, or nonprofit corporations organized under chapter 317A.

Sec. 12. Minnesota Statutes 2022, section 122A.06, is amended by adding a subdivision to read:

Subd. 9. **District.** "District" means a school district or charter school.

Sec. 13. Minnesota Statutes 2022, section 122A.06, is amended by adding a subdivision to read:

Subd. 10. **Transfer pathway.** "Transfer pathway" means an established pathway to licensure between a two-year college or Tribal college, and a board-approved teacher preparation provider.

Sec. 14. Minnesota Statutes 2022, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **Licensing and approval.** (a) The Professional Educator Licensing and Standards Board must license teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel, as defined in section 122A.15, subdivision 2. The board must not delegate its authority to make all licensing decisions with respect to candidates applicants for teacher licensure. The board must evaluate candidates applicants for compliance with statutory or rule requirements for licensure and develop licensure verification requirements.

(b) The Professional Educator Licensing and Standards Board must approve teacher preparation providers seeking to prepare applicants for teacher licensure in Minnesota.

Sec. 15. Minnesota Statutes 2022, section 122A.09, subdivision 6, is amended to read:

Subd. 6. **Register of persons licensed.** ~~The executive director of the Professional Educator Licensing and Standards Board must keep a record of the proceedings of and a register of all persons licensed pursuant to the provisions of this chapter. The register must show the name, address, licenses and permissions held, including renewals, and license number and the renewal of the license. The board must on July 1, of each year or as soon thereafter as is practicable, compile a list of such duly licensed teachers. A copy of the register This list must be available during business hours at the office of the board to any interested person on the board's website.~~

Sec. 16. Minnesota Statutes 2022, section 122A.09, subdivision 9, is amended to read:

Subd. 9. **Professional Educator Licensing and Standards Board must adopt rules.** (a) The Professional Educator Licensing and Standards Board must adopt rules subject to the provisions of chapter 14 to implement sections 120B.363, 122A.05 to 122A.09, 122A.092, 122A.16, 122A.17,

122A.18, 122A.181, 122A.182, 122A.183, 122A.184, 122A.185, 122A.187, 122A.188, 122A.19, 122A.20, 122A.21, 122A.23, 122A.26, 122A.28, ~~and 122A.29~~, and 124D.72.

(b) The board must adopt rules relating to fields of licensure and grade levels that a licensed teacher may teach, including a process for granting permission to a licensed teacher to teach in a field that is different from the teacher's field of licensure without change to the teacher's license tier level.

~~(e) The board must adopt rules relating to the grade levels that a licensed teacher may teach.~~

~~(c)~~ (c) If a rule adopted by the board is in conflict with a session law or statute, the law or statute prevails. Terms adopted in rule must be clearly defined and must not be construed to conflict with terms adopted in statute or session law.

~~(d)~~ (d) The board must include a description of a proposed rule's probable effect on teacher supply and demand in the board's statement of need and reasonableness under section 14.131.

~~(e)~~ (e) The board must adopt rules only under the specific statutory authority.

Sec. 17. Minnesota Statutes 2022, section 122A.09, subdivision 10, is amended to read:

Subd. 10. **Permissions.** (a) Notwithstanding subdivision 9 and sections 14.055 and 14.056, the Professional Educator Licensing and Standards Board may grant waivers to its rules upon application by a school district or a charter school for purposes of implementing experimental programs in learning or management.

(b) To enable a school district or a charter school to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the Professional Educator Licensing and Standards Board ~~annually~~ may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

(c) A special education license permission issued by the Professional Educator Licensing and Standards Board for a primary employer's low-incidence region is valid in all low-incidence regions.

(d) ~~A candidate~~ An applicant that has obtained career and technical education certification may apply for a Tier 1 license under section 122A.181. Consistent with section 136F.361, the Professional Educator Licensing and Standards Board must strongly encourage approved ~~college- or university-based~~ teacher preparation programs throughout Minnesota to develop alternative pathways for certifying and licensing high school career and technical education instructors and teachers, allowing such ~~candidates~~ applicants to meet certification and licensure standards that demonstrate their content knowledge, classroom experience, and pedagogical practices and their qualifications based on a combination of occupational testing, professional certification or licensure, and long-standing work experience.

Sec. 18. Minnesota Statutes 2022, section 122A.091, subdivision 1, is amended to read:

Subdivision 1. **Teacher and administrator preparation and performance data; report.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators,

in cooperation with ~~board-adopted~~ board-approved teacher or administrator preparation programs, annually must collect and report summary data on teacher and administrator preparation and performance outcomes, consistent with this subdivision. The Professional Educator Licensing and Standards Board and the Board of School Administrators annually by ~~June~~ July 1 must update and post the reported summary preparation and performance data on teachers and administrators from the preceding school years on ~~a website hosted jointly by the boards~~ their respective websites.

(b) Publicly reported summary data on teacher preparation ~~programs~~ providers must include:

~~(1) student entrance requirements for each Professional Educator Licensing and Standards Board-approved program, including grade point average for enrolling students in the preceding year;~~

~~(2) the average board-adopted skills examination or ACT or SAT scores of students entering the program in the preceding year;~~

~~(3) (1) summary data on faculty teacher educator qualifications, including at least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten birth through grade 12 classroom teachers or school administrators;~~

~~(4) the average time resident and nonresident program graduates in the preceding year needed to complete the program;~~

(2) the current number and percentage of enrolled candidates who entered the program through a transfer pathway disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

~~(5) (3) the current number and percentage of students program completers by program who graduated, received a standard Minnesota teaching license, and Tier 3 or Tier 4 license disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;~~

(4) the current number and percentage of program completers who entered the program through a transfer pathway and received a Tier 3 or Tier 4 license disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(5) the current number and percentage of program completers who were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(6) the number of content area credits and other credits by undergraduate program that students in the preceding school year needed to complete to graduate the current number and percentage of program completers who entered the program through a transfer pathway and who were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

~~(7) students' pass rates on skills and subject matter exams required for graduation in each program and licensure area in the preceding school year;~~

~~(8) (7) board-adopted survey results measuring student and graduate satisfaction with the program initial licensure program quality and structure in the preceding school year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;~~

~~(9) a standard measure of the satisfaction of (8) board-adopted survey results from school principals or supervising teachers with the student teachers assigned to a school or supervising teacher supervisors on initial licensure program quality and structure; and~~

~~(10) information under subdivision 3, paragraphs (a) and (b) (9) the number and percentage of program completers who met or exceeded the state threshold score on the board-adopted teacher performance assessment.~~

Program reporting must be consistent with subdivision 2.

(c) Publicly reported summary data on administrator preparation programs approved by the Board of School Administrators must include:

(1) summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and the years of experience either as kindergarten through grade 12 classroom teachers or school administrators;

(2) the average time program graduates in the preceding year needed to complete the program;

(3) the current number and percentage of students who graduated, received a standard Minnesota administrator license, and were employed as an administrator in a Minnesota school district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(4) the number of credits by graduate program that students in the preceding school year needed to complete to graduate;

(5) survey results measuring student, graduate, and employer satisfaction with the program in the preceding school year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual; and

(6) information under subdivision 3, paragraphs (c) and (d).

Program reporting must be consistent with section 122A.14, subdivision 10.

Sec. 19. Minnesota Statutes 2022, section 122A.091, subdivision 2, is amended to read:

Subd. 2. **Teacher preparation program reporting.** ~~(a)~~ By December 31, 2018, and annually thereafter, the Professional Educator Licensing and Standards Board shall report and publish on its website the cumulative summary results of at least three consecutive years of data reported to the board under subdivision 1, paragraph (b). Where the data are sufficient to yield statistically reliable

information and the results would not reveal personally identifiable information about an individual teacher, the board shall report the data by teacher preparation program.

~~(b) The Professional Educator Licensing and Standards Board must report annually to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education, the following information:~~

~~(1) the total number of teacher candidates during the most recent school year taking a board-adopted skills examination;~~

~~(2) the number who achieve a qualifying score on the examination;~~

~~(3) the number who do not achieve a qualifying score on the examination; and~~

~~(4) the candidates who have not passed a content or pedagogy exam.~~

~~The information reported under this paragraph must be disaggregated by categories of race, ethnicity, and eligibility for financial aid. The report must be submitted in accordance with section 3.195.~~

Sec. 20. Minnesota Statutes 2022, section 122A.15, subdivision 1, is amended to read:

Subdivision 1. **Teachers.** The term "teachers" for the purpose of licensure, means all persons employed in a public school or education district or by a service cooperative as members of the instructional, supervisory, and support staff including superintendents, principals, supervisors, secondary vocational and other classroom teachers, librarians, school counselors, school psychologists, school nurses, school social workers, audio-visual directors and coordinators, recreation personnel, media generalists, media supervisors, and ~~speech therapists~~ school speech-language pathologists. This definition does not apply to sections 122A.05 to 122A.093.

Sec. 21. Minnesota Statutes 2022, section 122A.18, subdivision 1, is amended to read:

Subdivision 1. **Authority to license.** (a) The Professional Educator Licensing and Standards Board must issue the following teacher licenses to ~~candidates~~ applicants who meet the qualifications prescribed by this chapter:

(1) Tier 1 license under section 122A.181;

(2) Tier 2 license under section 122A.182;

(3) Tier 3 license under section 122A.183; and

(4) Tier 4 license under section 122A.184.

(b) The Board of School Administrators must license supervisory personnel as defined in section 122A.15, subdivision 2, except for athletic coaches.

(c) The Professional Educator Licensing and Standards Board and the Department of Education must enter into a data sharing agreement to share:

(1) educational data at the E-12 level for the limited purpose of program approval and improvement for teacher education programs. The program approval process must include targeted redesign of teacher preparation programs to address identified E-12 student areas of concern; and

(2) data in the staff automated reporting system for the limited purpose of managing and processing funding to school districts and other entities.

(d) The Board of School Administrators and the Department of Education must enter into a data sharing agreement to share educational data at the E-12 level for the limited purpose of program approval and improvement for education administration programs. The program approval process must include targeted redesign of education administration preparation programs to address identified E-12 student areas of concern.

(e) For purposes of the data sharing agreements under paragraphs (c) and (d), the Professional Educator Licensing and Standards Board, Board of School Administrators, and Department of Education may share private data, as defined in section 13.02, subdivision 12, on teachers and school administrators. The data sharing agreements must not include educational data, as defined in section 13.32, subdivision 1, but may include summary data, as defined in section 13.02, subdivision 19, derived from educational data.

Sec. 22. Minnesota Statutes 2022, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Support personnel qualifications.** The Professional Educator Licensing and Standards Board must issue licenses and credentials under its jurisdiction to persons the board finds to be qualified and competent for support personnel positions in accordance with section ~~120B.36~~ 120B.363.

Sec. 23. Minnesota Statutes 2022, section 122A.18, subdivision 10, is amended to read:

Subd. 10. **Licensure via portfolio.** (a) The Professional Educator Licensing and Standards Board must adopt rules establishing a process for an eligible ~~candidate applicant~~ candidate applicant to obtain ~~any teacher~~ an initial Tier 3 license under subdivision 1, or to add a licensure field; to a Tier 3 or Tier 4 license via portfolio. The portfolio licensure application process must be consistent with the requirements in this subdivision.

(b) ~~A candidate~~ An applicant for a an initial Tier 3 license via portfolio must submit to the board one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) ~~A candidate~~ An applicant seeking to add a licensure field via portfolio must submit to the board one portfolio demonstrating content competence for each licensure field the candidate seeks to add.

(d) The board must notify ~~a candidate~~ an applicant who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio is approved. If the portfolio is not approved, the board must ~~immediately~~ immediately inform the ~~candidate~~ candidate applicant how to revise the portfolio to successfully demonstrate the requisite competence. The ~~candidate~~ candidate applicant may resubmit a revised portfolio at any time and the board must approve or disapprove the revised portfolio within 60 calendar days of receiving it.

(e) ~~A candidate~~ An applicant must pay a fee for a portfolio in accordance with section 122A.21, subdivision 4.

Sec. 24. Minnesota Statutes 2022, section 122A.18, is amended by adding a subdivision to read:

Subd. 11. **Staff Automated Reporting.** The Professional Educator Licensing and Standards Board shall collect data on educators' employment and assignments from all school districts and charter schools. The report may include data on educators' demographics and licensure.

Sec. 25. Minnesota Statutes 2022, section 122A.181, subdivision 1, is amended to read:

Subdivision 1. **Application requirements.** The Professional Educator Licensing and Standards Board must approve ~~a request from a district or charter school to issue a Tier 1 license in a specified content area to a candidate~~ an application for a Tier 1 license in a specified content area if:

(1) the application has been submitted jointly by the applicant and the district;

(2) the application has been paid for by the district or the applicant;

~~(+)~~ (3) the ~~candidate~~ applicant meets the professional requirement in subdivision 2;

~~(2)~~ (4) the district or charter school affirms that the ~~candidate~~ applicant has the necessary skills and knowledge to teach in the specified content area; and

~~(3)~~ (5) the district or charter school demonstrates that:

~~(+)~~ (i) a criminal background check under section 122A.18, subdivision 8, has been completed on the ~~candidate~~ applicant; and

~~(+)~~ (ii) (6) the district or charter school has posted the teacher position but was unable to hire an acceptable teacher with a Tier 2, 3, or 4 license for the position.

Sec. 26. Minnesota Statutes 2022, section 122A.181, subdivision 2, is amended to read:

Subd. 2. **Professional requirements.** (a) ~~A candidate~~ An applicant for a Tier 1 license must have a bachelor's degree to teach a class or course outside a career and technical education or career pathways course of study.

(b) ~~A candidate~~ An applicant for a Tier 1 license must have one of the following credentials in a relevant content area to teach a class in a career and technical education or career pathways course of study:

(1) an associate's degree;

(2) a professional certification; or

(3) five years of relevant work experience.

Sec. 27. Minnesota Statutes 2022, section 122A.181, is amended by adding a subdivision to read:

Subd. 2a. Exemptions from a bachelor's degree. (a) The following applicants for a Tier 1 license are exempt from the requirement to hold a bachelor's degree in subdivision 2:

(1) an applicant for a Tier 1 license to teach career and technical education or career pathways courses of study if the applicant has:

- (i) an associate's degree;
- (ii) a professional certification; or
- (iii) five years of relevant work experience;

(2) an applicant for a Tier 1 license to teach world languages and culture pursuant to Minnesota Rules, part 8710.4950, if the applicant is a native speaker of the language; and

(3) an applicant for a Tier 1 license in the performing or visual arts pursuant to Minnesota Rules, parts 8710.4300, dance and theatre; 8710.4310, dance; 8710.4320, theatre; 8710.4650, vocal music and instrumental music; and 8710.4900, visual arts, if the applicant has at least five years of relevant work experience.

(b) The Professional Educator Licensing and Standards Board must adopt rules regarding the qualifications and determinations for applicants exempt from paragraph (a).

Sec. 28. Minnesota Statutes 2022, section 122A.181, subdivision 3, is amended to read:

Subd. 3. **Term of license and renewal.** (a) The Professional Educator Licensing and Standards Board must issue an initial Tier 1 license for a term of one year. A Tier 1 license may be renewed subject to paragraphs (b) and (c). ~~The board may submit written comments to the district or charter school that requested the renewal regarding the candidate.~~

(b) The Professional Educator Licensing and Standards Board must renew a Tier 1 license if:

(1) the district or charter school requesting the renewal demonstrates that it has posted the teacher position but was unable to hire an acceptable teacher with a Tier 2, 3, or 4 license for the position;

(2) the teacher holding the Tier 1 license took a content examination in accordance with section 122A.185 and submitted the examination results to the teacher's employing district or charter school within one year of the board approving the request for the initial Tier 1 license;

(3) the teacher holding the Tier 1 license participated in cultural competency training consistent with section 120B.30, subdivision 1, paragraph (q), within one year of the board approving the request for the initial Tier 1 license; and

(4) the teacher holding the Tier 1 license met the mental illness training renewal requirement under section 122A.187, subdivision 6.

The requirement in clause (2) does not apply to a teacher that teaches a class in a career and technical education or career pathways course of study.

(c) A Tier 1 license must not be renewed more than three times, unless the requesting district or charter school can show good cause for additional renewals. A Tier 1 license issued to teach (1) a class or course in a career and technical education or career pathway course of study or (2) in a shortage area, as defined in section 122A.06, subdivision 6, may be renewed without limitation.

Sec. 29. Minnesota Statutes 2022, section 122A.181, subdivision 4, is amended to read:

Subd. 4. **Application.** The Professional Educator Licensing and Standards Board must accept and review applications for a Tier 1 teaching license beginning July 1 of the school year for which the license is requested and must issue or deny the Tier 1 teaching license within 30 days of receiving the completed application; at the board's discretion, the board may begin to accept and review applications before July 1.

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

Sec. 30. Minnesota Statutes 2022, section 122A.181, subdivision 5, is amended to read:

Subd. 5. **Limitations on license.** (a) A Tier 1 license is limited to the content matter indicated on the application for the initial Tier 1 license under subdivision 1, clause (2), and limited to the district or charter school that requested the initial Tier 1 license.

(b) A Tier 1 license does not bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, clause (a).

~~(c) A Tier 1 license does not bring an individual within the definition of a teacher under section 179A.03, subdivision 18.~~

Sec. 31. Minnesota Statutes 2022, section 122A.182, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** ~~(a)~~ The Professional Educator Licensing and Standards Board must approve a request from a district or charter school to issue an application for a Tier 2 license in a specified content area ~~to a candidate~~ if:

~~(1) the candidate meets the educational or professional requirements in paragraph (b) or (c);~~

~~(2) the candidate:~~

~~(i) has completed the coursework required under subdivision 2;~~

~~(ii) is enrolled in a Minnesota-approved teacher preparation program; or~~

~~(iii) has a master's degree in the specified content area; and~~

~~(3) the district or charter school demonstrates that a criminal background check under section 122A.18, subdivision 8, has been completed on the candidate.~~

~~(b) A candidate for a Tier 2 license must have a bachelor's degree to teach a class outside a career and technical education or career pathways course of study.~~

~~(e) A candidate for a Tier 2 license must have one of the following credentials in a relevant content area to teach a class or course in a career and technical education or career pathways course of study:~~

~~(1) an associate's degree;~~

~~(2) a professional certification; or~~

~~(3) five years of relevant work experience.~~

(1) the application has been submitted jointly by the applicant and the district;

(2) the application has been paid for by the district or the applicant;

(3) the applicant holds a bachelor's degree, unless specifically exempt by statute or rule;

(4) the district demonstrates that a criminal background check under section 122A.18, subdivision 8, has been completed for the applicant; and

(5) the applicant:

(i) has completed a state-approved teacher preparation program;

(ii) is enrolled in a Minnesota-approved teacher preparation program; or

(iii) has a master's degree in the specified content area.

Sec. 32. Minnesota Statutes 2022, section 122A.182, is amended by adding a subdivision to read:

Subd. 2a. **Exemptions from a bachelor's degree.** (a) The following applicants for a Tier 2 license are exempt from the requirement to hold a bachelor's degree in subdivision 1:

(1) an applicant for a Tier 2 license to teach career and technical education or career pathways courses of study when the applicant has:

(i) an associate's degree;

(ii) a professional certification; or

(iii) five years of relevant work experience;

(2) an applicant for a Tier 2 license to teach world languages and culture pursuant to Minnesota Rules, part 8710.4950, when the applicant is a native speaker of the language; and

(3) an applicant for a Tier 2 license in the performing or visual arts pursuant to Minnesota Rules, parts 8710.4300, dance and theatre; 8710.4310, dance; 8710.4320, theatre; 8710.4650, vocal music and instrumental music; and 8710.4900, visual arts, when the applicant has at least five years of relevant work experience.

(b) The Professional Educator Licensing and Standards Board must adopt rules regarding the qualifications and determinations for applicants exempt from the requirement to hold a bachelor's degree in subdivision 1.

Sec. 33. Minnesota Statutes 2022, section 122A.182, is amended by adding a subdivision to read:

Subd. 2b. **Temporary eligibility for renewal.** (a) From July 1, 2023, until June 30, 2024, the Professional Educator Licensing and Standards Board must approve an application for a Tier 2 license that meets the coursework requirement under subdivision 2, and other requirements under subdivision 1, clauses (1), (2), (3), and (4).

(b) For the 2023-2024, 2024-2025, and 2025-2026 school years only, the Professional Educator Licensing and Standards Board must approve an application to renew a Tier 2 license for an applicant that met the Tier 2 requirements in effect at the time the first Tier 2 license was issued. Nothing in this subdivision modifies the renewal requirements in subdivision 3.

Sec. 34. Minnesota Statutes 2022, section 122A.182, subdivision 4, is amended to read:

Subd. 4. **Application.** The Professional Educator Licensing and Standards Board must accept applications for a Tier 2 teaching license beginning July 1 of the school year for which the license is requested ~~and must issue or deny the Tier 2 teaching license within 30 days of receiving the completed application.~~ At the board's discretion, the board may begin to accept and review applications before July 1.

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

Sec. 35. Minnesota Statutes 2022, section 122A.183, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) The Professional Educator Licensing and Standards Board must issue a Tier 3 license to ~~a candidate~~ an applicant who provides information sufficient to demonstrate all of the following:

- ~~(1) the candidate meets the educational or professional requirements in paragraphs (b) and (c);~~
- ~~(2) (1) the candidate applicant has obtained a passing score on the required licensure exams under section 122A.185; and~~
- (2) the applicant holds a bachelor's degree, unless specifically exempt by statute or rule; and
- (3) the candidate applicant has completed the coursework required under subdivision 2.
- ~~(b) A candidate for a Tier 3 license must have a bachelor's degree to teach a class or course outside a career and technical education or career pathways course of study.~~
- ~~(c) A candidate for a Tier 3 license must have one of the following credentials in a relevant content area to teach a class or course in a career and technical education or career pathways course of study:~~
  - ~~(1) an associate's degree;~~

- (2) ~~a professional certification; or~~
- (3) ~~five years of relevant work experience.~~

~~In consultation with the governor's Workforce Development Board established under section 116L.665, the board must establish a list of qualifying certifications, and may add additional professional certifications in consultation with school administrators, teachers, and other stakeholders.~~

(b) The board must issue a Tier 3 license to an applicant who:

- (1) has completed student teaching comparable to the student teaching expectations in Minnesota;
- (2) has obtained a passing score on the required licensure exams under section 122A.185; and
- (3) has completed either:
  - (i) a teacher preparation program from a culturally specific Minority Serving Institution in the United States, such as Historically Black Colleges and Universities, Tribal Colleges and Universities, or Hispanic-Serving Institutions, including those in Puerto Rico; or
  - (ii) a university teacher preparation program in another country.

Sec. 36. Minnesota Statutes 2022, section 122A.183, subdivision 2, is amended to read:

Subd. 2. **Coursework.** ~~A candidate~~ An applicant for a Tier 3 license must meet the coursework requirement by demonstrating one of the following:

- (1) completion of a Minnesota-approved teacher preparation program;
- (2) completion of a state-approved teacher preparation program that includes field-specific student teaching equivalent to field-specific student teaching in Minnesota-approved teacher preparation programs. The field-specific student teaching requirement does not apply to ~~a candidate~~ an applicant that has two years of field-specific teaching experience;
- (3) submission of a content-specific licensure portfolio;
- (4) a professional teaching license from another state, evidence that the ~~candidate's~~ applicant's license is in good standing, and two years of field-specific teaching experience; or
- (5) three years of teaching experience under a Tier 2 license and evidence of summative teacher evaluations that did not result in placing or otherwise keeping the teacher on an improvement process pursuant to section 122A.40, subdivision 8, or section 122A.41, subdivision 5.

Sec. 37. Minnesota Statutes 2022, section 122A.183, is amended by adding a subdivision to read:

Subd. 2a. Exemptions from a bachelor's degree. (a) The following applicants for a Tier 3 license are exempt from the requirement to hold a bachelor's degree in subdivision 1:

- (1) an applicant for a Tier 3 license to teach career and technical education or career pathways courses of study when the applicant has:

- (i) an associate's degree;
- (ii) a professional certification; or
- (iii) five years of relevant work experience;

(2) an applicant for a Tier 3 license to teach world languages and culture pursuant to Minnesota Rules, part 8710.4950, when the applicant is a native speaker of the language; and

(3) an applicant for a Tier 3 license in the performing or visual arts pursuant to Minnesota Rules, parts 8710.4300, dance and theatre; 8710.4310, dance; 8710.4320, theatre; 8710.4650, vocal music and instrumental music; and 8710.4900, visual arts, when the applicant has at least five years of relevant work experience.

(b) The Professional Educator Licensing and Standards Board must adopt rules regarding the qualifications and determinations for applicants exempt from the requirement to hold a bachelor's degree in subdivision 1.

Sec. 38. Minnesota Statutes 2022, section 122A.184, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The Professional Educator Licensing and Standards Board must issue a Tier 4 license to ~~a candidate~~ an applicant who provides information sufficient to demonstrate all of the following:

(1) the ~~candidate~~ applicant meets all requirements for a Tier 3 license under section 122A.183, and has completed a teacher preparation program under section 122A.183, subdivision 2, clause (1) or (2);

(2) the ~~candidate~~ applicant has at least three years of field-specific teaching experience ~~in Minnesota~~ as a teacher of record;

(3) the ~~candidate~~ applicant has obtained a passing score on all required licensure exams under section 122A.185; and

~~(4) the candidate's most recent summative teacher evaluation did not result in placing or otherwise keeping the teacher in an improvement process pursuant to section 122A.40, subdivision 8, or 122A.41, subdivision 5.~~

(4) if the applicant previously held a Tier 3 license under section 122A.183, the applicant has completed the renewal requirements in section 122A.187.

Sec. 39. Minnesota Statutes 2022, section 122A.185, subdivision 1, is amended to read:

Subdivision 1. **Tests.** ~~(a) The Professional Educator Licensing and Standards Board must adopt rules requiring a candidate to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics before being granted a Tier 4 teaching license under section 122A.184 to provide direct instruction to pupils in elementary, secondary, or special education programs. Candidates may obtain a Tier 1, Tier 2, or Tier 3 license to provide direct instruction to pupils in elementary, secondary, or special education programs if candidates meet the other requirements in section 122A.181, 122A.182, or 122A.183, respectively.~~

~~(b) (a)~~ The board must adopt rules requiring ~~candidates~~ applicants for Tier 3 and Tier 4 licenses to pass an examination or performance assessment of general pedagogical knowledge and examinations or assessments of licensure field specific content. An applicant is exempt from the examination requirements if the applicant completed:

(1) a board-approved teacher preparation program;

(2) licensure via portfolio pursuant to section 122A.18, subdivision 10, and the portfolio has been approved; or

(3) a state-approved teacher preparation program in another state and passed licensure examinations in that state, if applicable. The content examination requirement does not apply if no relevant content exam exists.

~~(e) Candidates for initial Tier 3 and Tier 4 licenses to teach elementary students must pass test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, knowledge and understanding of the foundations of reading development, development of reading comprehension and reading assessment and instruction, and the ability to integrate that knowledge and understanding into instruction strategies under section 122A.06, subdivision 4.~~

~~(d) The requirement to pass a board-adopted reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.~~

(b) All testing centers in the state must provide monthly opportunities for untimed content and pedagogy examinations. These opportunities must be advertised on the test registration website. The board must require the exam vendor to provide other equitable opportunities to pass exams, including: (1) waiving testing fees for test takers who qualify for federal grants; (2) providing free, multiple, full-length practice tests for each exam and free, comprehensive study guides on the test registration website; (3) making content and pedagogy exams available in languages other than English for teachers seeking licensure to teach in language immersion programs; and (4) providing free, detailed exam results analysis by test objective to assist applicants who do not pass an exam in identifying areas for improvement. Any applicant who has not passed a required exam after two attempts must be allowed to retake the exam, including new versions of the exam, without being charged an additional fee.

Sec. 40. Minnesota Statutes 2022, section 122A.185, subdivision 4, is amended to read:

Subd. 4. **Remedial assistance.** ~~(a) A board-approved teacher preparation program must make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on a board-adopted skills examination, including those for whom English is a second language. The teacher preparation programs must make available assistance in the specific academic areas of candidates' deficiency.~~

~~(b) School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district~~

who ~~completed their teacher education program, who~~ did not achieve a qualifying score on a board-adopted skills examination, and who received a Tier 1, Tier 2, or Tier 3 license under section 122A.181, 122A.182, or 122A.183, respectively, to teach in Minnesota.

Sec. 41. Minnesota Statutes 2022, section 122A.187, subdivision 1, is amended to read:

Subdivision 1. **License form requirements.** Each license issued under this chapter must bear the date of issue and the name of the state-approved teacher training provider or alternative teaching program, as applicable. Licenses must expire and be renewed according to rules adopted by the Professional Educator Licensing and Standards Board or the Board of School Administrators. ~~The rules adopted by the Professional Educator Licensing and Standards Board for renewing a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, must include showing satisfactory evidence of successful teaching or administrative experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completing such additional preparation as required under this section, or as the Professional Educator Licensing and Standards Board prescribes.~~ The Board of School Administrators shall establish requirements for renewing the licenses of supervisory personnel except athletic coaches. ~~The Professional Educator Licensing and Standards Board shall establish requirements for renewing the licenses of athletic coaches.~~

Sec. 42. Minnesota Statutes 2022, section 122A.187, is amended by adding a subdivision to read:

Subd. 7. **American Indian history and culture.** The Professional Educator Licensing and Standards Board must adopt rules that require all licensed teachers renewing their license under sections 122A.181 to 122A.184 to include in the renewal requirements professional development in the cultural heritage and contemporary contributions of American Indians, with particular emphasis on Minnesota Tribal Nations.

Sec. 43. Minnesota Statutes 2022, section 122A.19, subdivision 4, is amended to read:

Subd. 4. **Teacher preparation programs.** (a) For the purpose of licensing bilingual and English as a second language teachers, the board may approve teacher preparation programs ~~at colleges or universities~~ designed for their training.

(b) Programs that prepare English as a second language teachers must provide instruction in implementing research-based practices designed specifically for English learners. The programs must focus on developing English learners' academic language proficiency in English, including oral academic language, giving English learners meaningful access to the full school curriculum, developing culturally relevant teaching practices appropriate for immigrant students, and providing more intensive instruction and resources to English learners with lower levels of academic English proficiency and varied needs, consistent with section 124D.59, subdivisions 2 and 2a.

Sec. 44. Minnesota Statutes 2022, section 122A.26, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A person who teaches in a community education program ~~which~~ that qualifies for aid pursuant to section 124D.52 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program ~~which~~ that is offered through a community education program and ~~which~~ that qualifies for community education

aid pursuant to section 124D.20 or early childhood and family education aid pursuant to section 124D.135 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course ~~which~~ that is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher.

(b) A person who teaches a driver training course ~~which~~ that is offered through a community education program to persons under 18 years of age shall be licensed by the Professional Educator Licensing and Standards Board or be subject to section 171.35. A license ~~which~~ that is required for an instructor in a community education program pursuant to this ~~subdivision~~ paragraph shall not be construed to bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, ~~clause~~ paragraph (a).

Sec. 45. Minnesota Statutes 2022, section 122A.40, subdivision 3, is amended to read:

Subd. 3. **Hiring, dismissing.** (a) School boards must hire or dismiss teachers at duly called meetings. Where a husband and wife, brother and sister, or two brothers or sisters, constitute a quorum, no contract employing a teacher shall be made or authorized except upon the unanimous vote of the full board. A teacher related by blood or marriage, within the fourth degree, computed by the civil law, to a board member shall not be employed except by a unanimous vote of the full board. The initial employment of the teacher in the district must be by written contract, signed by the teacher and by the chair and clerk. All subsequent employment of the teacher in the district must be by written contract, signed by the teacher and by the chair and clerk, except where there is a master agreement covering the employment of the teacher. Contracts for teaching or supervision of teaching can be made only with qualified teachers. A teacher shall not be required to reside within the employing district as a condition to teaching employment or continued teaching employment.

(b) A school district must annually report to the Professional Educator Licensing and Standards Board: (1) all new teacher hires and terminations, including layoffs, by race and ethnicity; and (2) the reasons for all teacher resignations and requested leaves of absence. The report must not include data that would personally identify individuals.

Sec. 46. Minnesota Statutes 2022, section 122A.40, subdivision 5, is amended to read:

Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district ~~is~~ are deemed to be a probationary period of employment, and, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period that is consistent with subdivision 8. Evaluation must occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and

the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(d) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(e) A probationary teacher must complete at least ~~120~~ 90 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

(f) Notwithstanding any law to the contrary, a teacher who has taught for three consecutive years in a single school district or single charter school in Minnesota or another state must serve a probationary period of no longer than one year in a Minnesota school district.

**EFFECTIVE DATE.** This section is effective for collective bargaining agreements effective July 1, 2023, and thereafter.

Sec. 47. Minnesota Statutes 2022, section 122A.40, subdivision 8, is amended to read:

**Subd. 8. Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices, improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

- (1) must, for probationary teachers, provide for all evaluations required under subdivision 5;
- (2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;
- (3) must be based on professional teaching standards established in rule include a rubric of performance standards for teacher practice that: (i) is based on professional teaching standards established in rule; (ii) includes culturally responsive methodologies; and (iii) provides common descriptions of effectiveness using at least three levels of performance;
- (4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;
- (5) may provide time during the school day and school year for peer coaching and teacher collaboration;
- (6) may include job-embedded learning opportunities such as professional learning communities;
- (7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;
- (8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;
- (9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;
- (10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of content areas of English learners;
- (11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;
- (12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Professional Educator Licensing and Standards Board, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 48. Minnesota Statutes 2022, section 122A.41, subdivision 2, is amended to read:

**Subd. 2. Probationary period; discharge or demotion.** ~~(a) All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district are deemed to be a probationary period of employment, and the probationary period in each district in which~~

the teacher is thereafter employed shall be one year. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivisions 3 and 5. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(c) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(d) A probationary teacher must complete at least ~~120~~ 90 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

(e) Notwithstanding any law to the contrary, a teacher who has taught for three consecutive years in a single school district or single charter school in Minnesota or another state must serve a probationary period of no longer than one year in a Minnesota school district.

**EFFECTIVE DATE.** This section is effective for collective bargaining agreements effective July 1, 2023, and thereafter.

Sec. 49. Minnesota Statutes 2022, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) ~~must be based on professional teaching standards established in rule~~ include a rubric of performance standards for teacher practice that: (i) is based on professional teaching standards established in rule; (ii) includes culturally responsive methodologies; and (iii) provides common descriptions of effectiveness using at least three levels of performance;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Professional Educator Licensing and Standards Board, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 50. Minnesota Statutes 2022, section 122A.41, is amended by adding a subdivision to read:

**Subd. 16. Reporting of hires and terminations.** A school district must annually report to the Professional Educator Licensing and Standards Board: (1) all new teacher hires and terminations, including layoffs, by race and ethnicity; and (2) the reasons for all teacher resignations and requested leaves of absence. The report must not include data that would personally identify individuals.

Sec. 51. Minnesota Statutes 2022, section 122A.415, subdivision 4, is amended to read:

Subd. 4. **Basic alternative teacher compensation aid.** (a) The basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~\$75,840,000 for fiscal year 2016~~ and \$88,118,000 for fiscal year ~~2017~~ 2023; \$88,461,000 for fiscal year 2024; \$88,461,000 for fiscal year 2025; and \$89,486,000 for fiscal year 2026 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits by not approving new participants or by prorating the aid among participating districts, intermediate school districts, school sites, and charter schools. The commissioner may also reallocate a portion of the allowable aid for the biennium from the second year to the first year to meet the needs of approved participants.

(c) Basic alternative teacher compensation aid for an intermediate district or other cooperative unit equals \$3,000 times the number of licensed teachers employed by the intermediate district or cooperative unit on October 1 of the previous school year.

Sec. 52. 122A.441] SHORT-CALL SUBSTITUTE TEACHER PILOT PROGRAM.

(a) A school district or charter school and applicant may jointly request the Professional Educator Licensing and Standards Board approve an application for a short-call substitute teaching license. The application information must sufficiently demonstrate the following:

(1) the applicant:

(i) holds a minimum of an associate's degree or equivalent and has or will receive substitute training from the school district or charter school; or

(ii) holds a minimum of a high school diploma or equivalent and has been employed as an education support personnel or paraprofessional within the district or charter school for at least one academic year; and

(2) the school district or charter school has obtained the results of a background check completed in accordance with section 123B.03.

(b) The Professional Educator Licensing and Standards Board may issue a temporary teaching license under this section pending a background check under section 122A.18, subdivision 8, and may immediately suspend or revoke the license upon receiving background check information. An applicant submitting an application for a short-call substitute teaching license in accordance with section 122A.18, subdivision 7a, paragraph (a), must not be required to complete a joint application with a district and must not be issued a license pending a background check under section 122A.18, subdivision 8.

(c) The board may prioritize short-call substitute teaching license applications to expedite the review process.

(d) A school district or charter school must provide a substitute teacher who receives a substitute teaching license through the pilot program with substitute teacher training. The board may remove a school district or charter school from the pilot program for failure to provide the required training.

(e) A school district or charter school must not require an employee to apply for a substitute teaching license, or retaliate against an employee that does not apply for a substitute teaching license under the pilot program.

(f) A school district or charter school must compensate an employee working as a short-call substitute teacher under the pilot program with the greater of \$200 per day or the employee's regular rate of pay.

(g) This section expires on June 30, 2025.

**EFFECTIVE DATE.** This section is effective for the 2023-2024 and 2024-2025 school years only.

Sec. 53. Minnesota Statutes 2022, section 122A.59, is amended to read:

**122A.59 COME TEACH IN MINNESOTA HIRING BONUSES.**

Subdivision 1. **Purpose.** This section establishes a program to support districts and schools recruiting and offering hiring bonuses for ~~licensed~~ teachers who are American Indian or a person of color from another state or country in order to meet staffing needs in shortage areas in ~~economic development regions in~~ Minnesota.

Subd. 2. **Eligibility.** A district or school must verify that the hiring bonus is given to ~~teachers licensed in~~ persons from another state or country who:

- (1) immediately qualify for a Tier 3 or Tier 4 2 or higher Minnesota license;
- (2) have moved to ~~the economic development region in~~ Minnesota where they were hired; and
- (3) belong to a racial or ethnic group that is underrepresented among teachers compared to students in the district or school under section 120B.35, subdivision 3, paragraph (b), clause (2).

Subd. 3. **Bonus amount.** A district or school may offer a ~~signing~~ hiring and retention bonus of a minimum of ~~\$2,500~~ \$4,000 and a maximum of ~~\$5,000~~ \$8,000 to a teacher who meets the eligibility requirements. A teacher who meets the eligibility requirements and meets a licensure shortage area in the economic development region of the state where the school is located may be offered a ~~signing~~ hiring bonus of a minimum of ~~\$4,000~~ \$5,000 and a maximum of ~~\$8,000~~ \$10,000. A teacher must be paid half of the bonus when starting employment and half after completing four years of service in the hiring district or school if the teacher has demonstrated teaching effectiveness and is not on a professional improvement plan under section 122A.40, subdivision 8, paragraph (b), clause (12) or (13), or section 122A.41, subdivision 5, paragraph (b), clause (12) or (13), or is not being considered for termination for a reason listed in section 122A.40, subdivision 9, including a teacher hired by a school district located in a city of the first class. A teacher who does not complete their

first school year upon receiving a hiring bonus must repay the hiring bonus. A teacher must have a Tier 3 or Tier 4 Minnesota teaching license to qualify for the second half of the bonus. A district must prorate the second half of the bonus if the eligible teacher is nonrenewed due to reasons not having to do with teaching effectiveness or misconduct.

Subd. 4. **Administration.** (a) The commissioner must establish a process for districts or schools to seek reimbursement for hiring bonuses given to teachers in shortage areas moving to and working in Minnesota schools experiencing specific shortages. The commissioner must provide guidance for districts to seek repayment of a hiring bonus from a teacher who does not complete the first year of employment. The department may conduct a pilot program with a small number of teachers during the 2022-2023 biennium to establish feasibility. The department must submit a report by December 1, 2022, to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education detailing the effectiveness of the program and recommendations for improvement in future years.

(b) The commissioner may award participating districts and schools additional funds to administer the program, including out-of-state recruiting efforts and retention activities. The commissioner may allow participating districts and schools to reserve up to five percent of Come Teach in Minnesota funding to administer the program, including for out-of-state recruiting efforts and retention activities.

Subd. 5. **Come Teach in Minnesota Hiring Bonus program account.** (a) An account is established in the special revenue fund known as the "Come Teach in Minnesota Hiring Bonus program account."

(b) Funds appropriated for the Come Teach in Minnesota Hiring Bonus program under this section must be transferred to the Come Teach in Minnesota Hiring Bonus program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for hiring bonuses under this section. Any returned funds are available to be regranted.

(d) Up to \$35,000 annually is appropriated to the commissioner for costs associated with developing and administering the program under this section.

**EFFECTIVE DATE.** The amendment to subdivision 2 is effective retroactively from July 1, 2022. The amendments to subdivisions 1, 3, and 4 are effective the day following final enactment.

Sec. 54. [122A.631] SUPPORTING HERITAGE LANGUAGE AND CULTURE TEACHERS.

Subdivision 1. **Purpose.** The purpose of this section is to increase the number of heritage language and culture teachers in Minnesota.

Subd. 2. **Definitions.** "Heritage language and culture teachers" means teachers with a connection to a community's language and culture who use this connection to support students as they learn academic content or the language and culture of that particular community.

Subd. 3. **Eligibility.** Applicants for the heritage language and culture licensure pathway program must:

(1) hold a current license issued by the Professional Educator Licensing and Standards Board or meet the criteria for licensure in 122A.181; and

(2) seek initial, dual, or additional licensure in a heritage language.

Subd. 4. **Heritage language and culture teacher licensure pathway program.** (a) The Professional Educator Licensing and Standards Board shall develop a program to support initial and additional licensure for heritage language and culture teachers. The program must include:

(1) a yearlong mentorship program;

(2) monthly meetings where applicants receive guidance on completing the portfolio process from a portfolio liaison, dedicated specifically to facilitating this program;

(3) a stipend to cover substitute teachers when meetings take place during the school day;

(4) a waiver for all portfolio and licensure testing fees; and

(5) a portfolio review committee created by the board.

(b) For applicants seeking an initial license in a world language and culture, the applicant must demonstrate meeting the standards of effective practice in Minnesota Rules, part 8710.2000 and content-specific pedagogical standards in Minnesota Rules, part 8710.4950, through the portfolio process.

(c) For applicants seeking a dual license, the applicant must demonstrate meeting the standards of effective practice in Minnesota Rules, part 8710.2000, content-specific pedagogical standards in Minnesota Rules, part 8710.4950, and all standards for the chosen dual license through the portfolio process.

(d) For applicants seeking an additional license in a world language and culture, the applicant must demonstrate meeting the content-specific pedagogical standards in Minnesota Rules, part 8710.4950.

Subd. 5. **Heritage language and culture educators seeking a world language license.** Heritage language and culture teachers seeking a world language and culture license pursuant to Minnesota Rules, part 8710.4950, who demonstrate proficiency through one of the following may use this proficiency to evidence meeting the required content-specific world language and culture standards, which do not include content-specific pedagogical standards, for licensure in their heritage language:

(1) passing a board-adopted assessment;

(2) holding a certificate to serve as a translator or interpreter; or

(3) completing an undergraduate or postbaccalaureate degree from an accredited university where the majority of coursework was taught via the non-English instructional language.

Sec. 55. Minnesota Statutes 2022, section 122A.635, is amended to read:

**122A.635 COLLABORATIVE URBAN AND GREATER MINNESOTA EDUCATORS OF COLOR GRANT PROGRAM.**

Subdivision 1. **Establishment.** The Professional Educator Licensing and Standards Board must award competitive grants to increase the number of teacher candidates who are of color or who are American Indian, complete teacher preparation programs, and meet the requirements for a Tier 3 license under section 122A.183. Eligibility for a grant under this section is limited to public or private higher education institutions that offer a teacher preparation program approved by the Professional Educator Licensing and Standards Board.

Subd. 2. **Competitive grants.** (a) The Professional Educator Licensing and Standards Board must award competitive grants to a variety of higher education institution types under this section. The board must require an applicant institution to submit a plan describing how it would use grant funds to increase the number of teachers who are of color or who are American Indian, and must award grants based on the following criteria, listed in descending order of priority:

~~(1) the number of teacher candidates being supported in the program who are of color or who are American Indian;~~

~~(2) (1) program outcomes, including graduation or program completion rates, and licensure recommendation rates, and placement rates for candidates who are of color or who are American Indian compared to all candidates enrolled in a teacher preparation program at the institution and, for each outcome measure, the number of those teacher candidates who are of color or who are American Indian; and~~

~~(3) the percent of racially and ethnically diverse teacher candidates enrolled in the institution compared to:~~

~~(i) the total percent of students of color and American Indian students enrolled at the institution, regardless of major; and~~

~~(ii) the percent of underrepresented racially and ethnically diverse teachers in the economic development region of the state where the institution is located and where a shortage of diverse teachers exists, as reported under section 122A.091, subdivision 5.~~

(2) the extent to which an institution's plan is clear in describing how the institution would use grant funds for implementing explicit research-based practices to provide programmatic support to teacher candidates who are of color or who are American Indian. Plans for grant funds may include:

(i) recruiting more racially and ethnically diverse candidates for admission to teacher preparation programs;

(ii) providing differentiated advising, mentoring, or other supportive community-building activities in addition to what the institution provides to all candidates enrolled in the institution;

(iii) providing academic tutoring or support to help teacher candidates pass required assessments;  
and

(iv) providing for program staffing expenses;

(3) an institution's plan to provide direct financial assistance as scholarships or stipends within the allowable dollar range determined by the board under subdivision 3, paragraph (b), to teacher candidates who are of color or who are American Indian;

(b) The board must give priority in awarding grants under this section to institutions that received grants under Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 27, and have demonstrated continuing success at recruiting, retaining, graduating, and inducting (4) whether the institution has previously received a competitive grant under this section and has demonstrated positive outcomes from the use of grant funds for efforts helping teacher candidates who are of color or who are American Indian; to enroll in and successfully complete teacher preparation programs and be recommended for licensure;

(5) geographic diversity among the institutions. In order to expand the number of grant recipients throughout the state, whenever there is at least a 20 percent increase in the base appropriation for this grant program, the board must prioritize awarding grants to institutions outside of the Twin Cities metropolitan area. If the board awards a competitive grant based on the criteria in paragraph (a) to a program that has not previously received funding, the board must thereafter give priority to the program equivalent to other programs given priority under this paragraph. that have received grants and demonstrated positive outcomes; and

(6) the percentage of racially and ethnically diverse teacher candidates enrolled in the institution compared to:

(i) the aggregate percentage of students of color and American Indian students enrolled in the institution, regardless of major; and

(ii) the percentage of underrepresented racially and ethnically diverse teachers in the economic development region of the state where the institution is located and where a shortage of diverse teachers exists, as reported under section 122A.091, subdivision 5.

(b) The board must not penalize an applicant institution in the grant review process for using grant funds only to provide direct financial support to teacher candidates if that is the institution's priority and the institution uses other resources to provide programmatic support to candidates.

(c) The board must determine award amounts for development, maintenance and, or expansion of programs based only on the degree to which applicants meet the criteria in this subdivision, the number of candidates who are of color or who are American Indian supported by an applicant program, sustaining support for those candidates, and funds available.

(d) The board must determine grant awards in part by multiplying the number of teacher candidates to be provided direct financial assistance by the average amount the institution proposes per candidate that is within the allowable dollar range. After assessing an institution's adherence to grant criteria and funds available, the board may grant an institution a lower average amount per candidate and the institution may decide to award less per candidate or provide financial assistance to fewer candidates within the allowable range. Additionally, an institution may use up to 25 percent of the awarded grant funds to provide programmatic support as described in paragraph (a), clause (3). If the board does not award an applicant institution's full request, the board must allow the institution to modify how it uses grant funds to maximize program outcomes consistent with the requirements of this section.

Subd. 3. **Grant program administration.** (a) The Professional Educator Licensing and Standards Board may enter into an interagency agreement with the Office of Higher Education. The agreement may include a transfer of funds to the Office of Higher Education to help establish and administer the competitive grant process. The board must award grants to institutions located in various economic development regions throughout the state, but must not predetermine the number of institutions to be awarded grants under this section or set a limit for the amount that any one institution may receive as part of the competitive grant application process.

(b) The board must establish a standard allowable dollar range for the amount of direct financial assistance an applicant institution may provide to each candidate. To determine the range, the board may collect de-identified data from institutions that received a grant during the previous grant period and calculate the average scholarship amount awarded to all candidates across all institutions using the most recent fiscal year data available. The calculation may be used to determine a scholarship range that is no more than 25 percent of this amount and no less than half the average of this amount. The purpose of direct financial assistance is to assist candidates matriculating through completing licensure programs if they demonstrate financial need after considering other grants and scholarships provided.

(c) All grants must be awarded by August 15 of the fiscal year in which the grants are to be used except that, for initial competitive grants awarded for fiscal year 2020, grants must be awarded by September 15. An institution that receives a grant under this section may use the grant funds over a two- to four-year period to sustain support for teacher candidates at any stage from recruitment and program admission to graduation and licensure application.

Subd. 4. **Report.** (a) By ~~January~~ August 15 of each year, an institution awarded a grant under this section must prepare for the ~~legislature and the board~~ a detailed report regarding the expenditure of grant funds, including the amounts used to recruit, retain, and ~~in~~ duct support teacher candidates of color or ~~who are~~ who are American Indian teacher candidates to complete programs and be recommended for licensure. The report must include:

(1) the total number of teacher candidates of color, disaggregated by race or ethnic group, who and American Indian teacher candidates who:

(i) are enrolled in the institution;

(ii) are supported by grant funds with direct financial assistance during the academic reporting year;

(iii) are supported with other programmatic supports;

(iv) are recruited to the institution, are and newly admitted to the a licensure program, are enrolled in the;

(v) are enrolled in a licensure program;

(vi) have completed a licensure program, have completed student teaching, have graduated, are licensed, and are newly employed as Minnesota teachers in their licensure field. A grant recipient must report; and

(vii) were recommended for licensure in the field for which they were prepared;

(2) the total number of teacher candidates of color or who are American Indian teacher candidates at each stage from recruitment program admission to licensed teaching licensure recommendation as a percentage of total all candidates seeking the same licensure at the institution; and

(3) a brief narrative describing the successes and challenges of efforts proposed in the grant application to support candidates with grant funds, and lessons learned for future efforts.

(b) By November 1 of each year, the board must post a report on its website summarizing the activities and outcomes of grant recipients and results that promote sharing of effective practices and lessons learned among grant recipients.

Sec. 56. Minnesota Statutes 2022, section 122A.69, is amended to read:

#### **122A.69 PRACTICE OR STUDENT TEACHERS.**

The Professional Educator Licensing and Standards Board may, by agreements with teacher preparation institutions, arrange for classroom experience in the district for practice or student teachers ~~who have completed at least two years of~~ in an approved teacher preparation program. Such practice and student teachers must be appropriately supervised by a fully qualified teacher under rules adopted by the board. A practice or student teacher must be placed with a cooperating licensed teacher who has at least three years of teaching experience and is not in the improvement process under section 122A.40, subdivision 8, paragraph (b), clause (12), or 122A.41, subdivision 5, paragraph (b), clause (12). Practice and student teachers are employees of the school district in which they are rendering services for purposes of workers' compensation; liability insurance, if provided for other district employees under section 123B.23; and legal counsel under section 123B.25.

Sec. 57. Minnesota Statutes 2022, section 122A.70, is amended to read:

#### **122A.70 TEACHER MENTORSHIP AND RETENTION OF EFFECTIVE TEACHERS.**

Subdivision 1. **Teacher mentoring, induction, and retention programs.** (a) School districts must develop teacher mentoring programs for teachers new to the profession or district, including teaching residents, teachers of color, teachers who are American Indian, teachers in license shortage areas, teachers with special needs, or experienced teachers in need of peer coaching.

(b) Teacher mentoring programs must be included in or aligned with districts' teacher evaluation and peer review processes under sections 122A.40, subdivision 8, and 122A.41, subdivision 5. A district may use staff development revenue under section 122A.61, special grant programs established by the legislature, or another funding source to pay a stipend to a mentor who may be a current or former teacher who has taught at least three years and is not on an improvement plan. ~~Other initiatives using such funds or funds available under sections 124D.861 and 124D.862 may include:~~

~~(1) additional stipends as incentives to mentors of color or who are American Indian;~~

~~(2) financial supports for professional learning community affinity groups across schools within and between districts for teachers from underrepresented racial and ethnic groups to come together throughout the school year. For purposes of this section, "affinity groups" are groups of educators~~

~~who share a common racial or ethnic identity in society as persons of color or who are American Indian;~~

~~(3) programs for induction aligned with the district or school mentorship program during the first three years of teaching, especially for teachers from underrepresented racial and ethnic groups; or~~

~~(4) grants supporting licensed and nonlicensed educator participation in professional development, such as workshops and graduate courses, related to increasing student achievement for students of color and American Indian students in order to close opportunity and achievement gaps.~~

~~(e) A school or district that receives a grant must negotiate additional retention strategies or protection from unrequested leave of absences in the beginning years of employment for teachers of color and teachers who are American Indian. Retention strategies may include providing financial incentives for teachers of color and teachers who are American Indian to work in the school or district for at least five years and placing American Indian educators at sites with other American Indian educators and educators of color at sites with other educators of color to reduce isolation and increase opportunity for collegial support.~~

Subd. 2. **Board grants.** The Professional Educator Licensing and Standards Board must make grant application forms available to sites interested in developing, sustaining, or expanding a mentorship program. A school district; ~~a~~ or group of school districts; ~~a coalition of districts, teachers, and teacher education institutions; or,~~ a school or coalition of schools, or a coalition of teachers, or nonlicensed educators may apply for a program grant. A higher education institution or nonprofit organization may partner with a grant applicant but is not eligible as a sole applicant for grant funds. The Professional Educator Licensing and Standards Board, in consultation with the teacher mentoring task force, must approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring, professional development, and retention components, and be geographically distributed throughout the state. The Professional Educator Licensing and Standards Board must encourage the selected sites to consider the use of its assessment procedures.

Subd. 2a. **Funded work.** (a) Grant funds may be used for the following:

(1) additional stipends as incentives to mentors who are of color or who are American Indian;

(2) financial supports for professional learning community affinity groups across schools within and between districts for educators from underrepresented racial and ethnic groups to come together throughout the school year. For purposes of this section, "affinity groups" means groups of licensed and nonlicensed educators who share a common racial or ethnic identity in society as persons who are of color or who are American Indian;

(3) programs for induction aligned with the district or school mentorship program during the first three years of teaching, especially for teachers from underrepresented racial and ethnic groups;

(4) professional development focused on ways to close opportunity and achievement gaps for students of color and American Indian students; or

(5) for teachers of color and American Indian teachers, graduate courses toward a first master's degree in a field related to their licensure or toward an additional license.

(b) A charter school or district that receives a grant must negotiate additional retention strategies or protection from unrequested leaves of absence in the beginning years of employment for teachers who are of color or who are American Indian. Retention strategies may include providing financial incentives for teachers of color and teachers who are American Indian to work in the school or district for at least five years and placing American Indian educators at sites with other American Indian educators and educators of color at sites with other educators of color to reduce isolation and increase opportunity for collegial support.

Subd. 3. **Criteria for selection.** (a) At a minimum, applicants for grants under subdivision 2 must express commitment to:

- (1) allow staff participation;
- (2) assess skills of both beginning and mentor teachers;
- (3) provide appropriate in-service to needs identified in the assessment;
- (4) provide leadership to the effort;
- (5) cooperate with higher education institutions or teacher educators;
- (6) provide facilities and other resources;
- (7) share findings, materials, and techniques with other school districts; and
- (8) retain teachers of color and teachers who are American Indian.

(b) The Professional Educator Licensing and Standards Board must give priority to applications to fund programs to induct, mentor, and retain Tier 2 or Tier 3 teachers who are of color or who are American Indian, and Tier 2 or Tier 3 teachers in licensure shortage areas within the applicant's economic development region.

Subd. 4. **Additional funding.** Grant applicants must seek additional funding and assistance from sources such as school districts, postsecondary institutions, foundations, and the private sector.

Subd. 5. **Program implementation.** A grant recipient may use grant funds on implementing activities over a period of time up to 24 months. New and expanding mentorship sites that receive a board grant under subdivision 2 to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation.

Subd. 5a. **Grant program administration.** The Professional Educator Licensing and Standards Board may enter into an interagency agreement with the Office of Higher Education or the Department of Education. The agreement may include a transfer of funds to the Office of Higher Education or the Department of Education to help administer the competitive grant process.

Subd. 6. **Report.** ~~By June~~ September 30 of each year after receiving a grant, recipients must submit a report to the Professional Educator Licensing and Standards Board on program efforts that describes mentoring and induction activities and assesses the impact of these programs on teacher effectiveness and retention. The board must publish a summary report for the public and submit the

report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education policy and finance in accordance with section 3.302 by November 30 of each year.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 58. Minnesota Statutes 2022, section 122A.73, subdivision 2, is amended to read:

Subd. 2. **Grow Your Own district programs.** (a) A school district, ~~charter school, or cooperative unit under section 123A.24, subdivision 2,~~ may apply for a grant for a ~~Professional Educator Licensing and Standards Board-approved~~ teacher preparation program that meets the requirements of paragraph (c) to establish a Grow Your Own pathway for adults to obtain their first professional teaching license. The grant recipient must use at least 80 percent of grant funds to provide tuition scholarships or stipends to enable school district employees or community members affiliated with a school district, who are of color or American Indian and who seek a teaching license, to participate in the teacher preparation program. Grant funds may also be used to pay for teacher licensure exams and licensure fees.

(b) A district using grant funds under this subdivision to provide financial support to teacher candidates may require a commitment as determined by the district to teach in the district for a reasonable amount of time that does not exceed five years.

(c) A grantee must partner with:

(1) a Professional Educator Licensing and Standards Board-approved teacher preparation program;

(2) a Council for the Accreditation of Educator Preparation-accredited teacher preparation program from a private, not for profit, institution of higher education; or

(3) an institution that has an articulated transfer pathway with a board-approved teacher preparation program.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 59. Minnesota Statutes 2022, section 122A.73, subdivision 3, is amended to read:

Subd. 3. **Grants for programs serving secondary school students.** (a) ~~In addition to grants for developing and offering dual-credit postsecondary course options in schools for "Introduction to Teaching" or "Introduction to Education" courses under section 124D.09, subdivision 10;~~ A school district or charter school may apply for grants under this section to offer other innovative programs that encourage secondary school students, especially students of color and American Indian students, to pursue teaching. To be eligible for a grant under this subdivision, ~~a school district or charter school~~ an applicant must ensure that the aggregate percentage of secondary school students of color and American Indian students participating in the program is equal to or greater than the aggregate percentage of students of color and American Indian students in the school district ~~or,~~ charter school, or cooperative unit.

(b) A grant recipient must use grant funds awarded under this subdivision for:

(1) supporting future teacher clubs or service-learning opportunities that provide middle and high school students with experiential learning that supports the success of younger students or peers and increases students' interest in pursuing a teaching career;

(2) developing and offering postsecondary enrollment options for "Introduction to Teaching" or "Introduction to Education" courses consistent with section 124D.09, subdivision 10, that meet degree requirements for teacher licensure;

~~(2)~~ (3) providing direct support, including wrap-around services, for students who are of color or American Indian to enroll and be successful in postsecondary enrollment options courses under section 124D.09 that would meet degree requirements for teacher licensure; or

~~(3)~~ (4) offering scholarships to graduating high school students who are of color or American Indian to enroll in board-approved undergraduate teacher preparation programs at a college or university in Minnesota.

(c) The maximum grant award under this subdivision is \$500,000. The commissioner may consider the number of participants a grant recipient intends to support when determining a grant amount.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 60. Minnesota Statutes 2022, section 122A.73, subdivision 5, is amended to read:

Subd. 5. **Grow Your Own program account.** (a) An account is established in the special revenue fund known as the "Grow Your Own program account."

(b) Funds appropriated for the Grow Your Own program under this section must be transferred to the Grow Your Own program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for the Grow Your Own program under this section. Any returned funds are available to be regranted. Grant recipients may apply to use grant money over a period of up to 60 months.

(d) Up to ~~\$100,000~~ \$175,000 annually is appropriated to the commissioner for costs associated with administering and monitoring the program under this section.

Sec. 61. **[122A.731] SPECIAL EDUCATION TEACHER PIPELINE PROGRAM.**

Subdivision 1. **Grant program established.** The commissioner of education must administer a grant program to develop a pipeline of trained, licensed Tier 3 or Tier 4 special education teachers. A school district, charter school, or cooperative unit under section 123A.24, subdivision 2, may apply for a grant under this section. An applicant must partner with:

(1) a Professional Educator Licensing and Standards Board-approved teacher preparation program;

(2) a Council for the Accreditation of Educator Preparation-accredited teacher preparation program from a private, not for profit, institution of higher education; or

(3) an institution that has an articulated transfer pathway with a board-approved teacher preparation program.

Subd. 2. **Grant uses.** (a) A grant recipient must use grant funds to support participants who are employed by the grant recipient as either a paraprofessional or other unlicensed staff, or a teacher with a Tier 1 or Tier 2 license, and demonstrate a willingness to be a special education teacher after completing the program.

(b) A grant recipient may use grant funds for:

(1) tuition assistance or stipends for participants;

(2) supports for participants, including mentoring, licensure test preparation, and technology support; or

(3) participant recruitment.

Subd. 3. **Grant procedure.** (a) Applicants must apply for a grant under this section in the form and manner specified by the commissioner.

(b) In awarding grants, the commissioner must prioritize funding for training to allow participants holding a Tier 1 or Tier 2 special education license to obtain a Tier 3 special education license.

(c) To the extent that there are sufficient applications, the commissioner must, to the extent practicable, award an equal number of grants between applicants in greater Minnesota and applicants in the metropolitan area.

Subd. 4. **Report.** Within one year of receiving grant funds, and for each year that a recipient receives grant funds, a grant recipient must report to the commissioner in the form and manner determined by the commissioner the number of participants in the program and how grant funds were used. The commissioner must publish an annual report that identifies the grant recipients and summarizes how grant funds are used.

Subd. 5. **Special education teacher pipeline program account.** (a) An account is established in the special revenue fund known as the special education teacher pipeline program account.

(b) Funds appropriated for the special education teacher pipeline program under this section must be transferred to the special educator teacher pipeline program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for the special education teacher pipeline program under this section. Any returned funds are available to be regranted. Grant recipients may apply to use grant money over a period of up to 60 months.

(d) Up to \$175,000 annually is appropriated to the commissioner for costs associated with administering and monitoring the program under this section.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 62. Minnesota Statutes 2022, section 123B.147, subdivision 3, is amended to read:

Subd. 3. **Duties; evaluation.** (a) The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the district and according to the policies, rules, and regulations of the school board, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.

(b) To enhance a principal's culturally responsive leadership skills and support and improve teaching practices, school performance, and student achievement for diverse student populations, including at-risk students, children with disabilities, English learners, and gifted students, among others, a district must develop and implement a performance-based system for annually evaluating school principals assigned to supervise a school building within the district. The evaluation must be designed to improve teaching and learning by supporting the principal in shaping the school's professional environment and developing teacher quality, performance, and effectiveness. The annual evaluation must:

(1) support and improve a principal's instructional leadership, organizational management, and professional development, and strengthen the principal's capacity in the areas of instruction, supervision, evaluation, and teacher development;

(2) support and improve a principal's culturally responsive leadership practices that create inclusive and respectful teaching and learning environments for all students, families, and employees;

~~(2)~~ (3) include formative and summative evaluations based on multiple measures of student progress toward career and college readiness;

~~(3)~~ (4) be consistent with a principal's job description, a district's long-term plans and goals, and the principal's own professional multiyear growth plans and goals, all of which must support the principal's leadership behaviors and practices, rigorous curriculum, school performance, and high-quality instruction;

~~(4)~~ (5) include on-the-job observations and previous evaluations;

~~(5)~~ (6) allow surveys to help identify a principal's effectiveness, leadership skills and processes, and strengths and weaknesses in exercising leadership in pursuit of school success;

~~(6)~~ (7) use longitudinal data on student academic growth as 35 percent of the evaluation and incorporate district achievement goals and targets;

~~(7)~~ (8) be linked to professional development that emphasizes improved teaching and learning, curriculum and instruction, student learning, culturally responsive leadership practices, and a collaborative professional culture; and

~~(8)~~ (9) for principals not meeting standards of professional practice or other criteria under this subdivision, implement a plan to improve the principal's performance and specify the procedure and consequence if the principal's performance is not improved.

The provisions of this paragraph are intended to provide districts with sufficient flexibility to accommodate district needs and goals related to developing, supporting, and evaluating principals.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 63. **[124D.901] STUDENT SUPPORT PERSONNEL AID.**

**Subdivision 1. Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "new position" means a student support services personnel full-time or part-time position not under contract by a school district, charter school, or cooperative unit at the start of the 2022-2023 school year;

(2) "part-time position" means a student support services personnel position less than 1.0 full-time equivalent at the start of the 2022-2023 school year;

(3) "American Rescue Plan Act" means the federal American Rescue Plan Act of 2021, Public Law 117-2, that awarded funds; and

(4) "student support services personnel" means an individual licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota.

**Subd. 2. Purpose.** The purpose of student support personnel aid is to:

(1) address shortages of student support services personnel within Minnesota schools;

(2) decrease caseloads for existing student support services personnel to ensure effective services;

(3) ensure that students receive effective student support services and integrated and comprehensive services to improve prekindergarten through grade 12 academic, physical, social, and emotional outcomes supporting career and college readiness and effective school mental health services;

(4) ensure that student support services personnel serve within the scope and practice of their training and licensure;

(5) fully integrate learning supports, instruction, assessment, data-based decision making, and family and community engagement within a comprehensive approach that facilitates interdisciplinary collaboration; and

(6) improve student health, school safety, and school climate to support academic success and career and college readiness.

**Subd. 3. Student support personnel aid.** (a) The initial student support personnel aid for a school district equals the greater of the student support personnel allowance times the adjusted pupil units at the district for the current fiscal year or \$40,000. The initial student support personnel aid for a charter school equals the greater of the student support personnel allowance times the adjusted pupil units at the charter school for the current fiscal year or \$20,000.

(b) The cooperative student support personnel aid for a school district that is a member of an intermediate school district or other cooperative unit that serves students equals the greater of the

cooperative student support allowance times the adjusted pupil units at the district for the current fiscal year or \$40,000. If a district is a member of more than one cooperative unit that serves students, the revenue must be allocated among the cooperative units.

(c) The student support personnel allowance equals \$11.94 for fiscal year 2024, \$17.08 for fiscal year 2025, and \$48.73 for fiscal year 2026 and later.

(d) The cooperative student support allowance equals \$0.60 for fiscal year 2024, \$0.85 for fiscal year 2025, and \$2.44 for fiscal year 2026 and later.

(e) Notwithstanding paragraphs (a) and (b), the student support personnel aid must not exceed the district's, charter school's, or cooperative unit's actual expenditures.

Subd. 4. **Allowed uses.** (a) Aid under this section must be used to hire new positions for student support services personnel or increase a current position that is less than 1.0 full-time equivalent to a greater number of service hours or make permanent a position hired using onetime resources awarded through the federal Coronavirus Aid Relief and Economic Security Act, the federal Consolidated Appropriations Act, the federal Division M-Coronavirus Response and Relief Supplemental Appropriations Act, or the federal American Rescue Plan Act, or to maintain a position that would otherwise be eliminated.

(b) Cooperative student support personnel aid must be transferred to the intermediate district or other cooperative unit of which the district is a member and used to hire new positions for student support services personnel or increase a current position that is less than 1.0 full-time equivalent to a greater number of service hours or make permanent a position hired using onetime resources awarded through the American Rescue Plan Act at the intermediate district or cooperative unit.

(c) If a school district, charter school, or cooperative unit does not receive at least two applications and is not able to hire a new full-time equivalent position with student support personnel aid, the aid may be used for contracted services from individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota.

Subd. 5. **Report required.** By February 1 following any fiscal year in which student support personnel aid was received, a school district, charter school, or cooperative unit must submit a written report to the commissioner indicating how the new position affected two or more of the following measures:

- (1) school climate;
- (2) student health;
- (3) attendance rates;
- (4) academic achievement;
- (5) career and college readiness; and
- (6) postsecondary completion rates.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 64. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Agricultural educator grants.** (a) For agricultural educator grants under Laws 2017, First Special Session chapter 5, article 2, section 51:

\$	<u>250,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>250,000</u>	<u>.....</u>	<u>2025</u>

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

Subd. 3. **Alternative teacher compensation aid.** (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$	<u>88,443,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>88,430,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$8,824,000 for fiscal year 2023 and \$79,619,000 for fiscal year 2024.

(c) The 2025 appropriation includes \$8,846,000 for fiscal year 2024 and \$79,584,000 for fiscal year 2025.

Subd. 4. **Black Men Teach Twin Cities.** (a) For a grant to Black Men Teach Twin Cities for the purposes listed in paragraph (c):

\$	<u>500,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>500,000</u>	<u>.....</u>	<u>2025</u>

(b) Black Men Teach Twin Cities must use the grant to establish partnerships with public elementary schools with a goal of increasing the number of black male teachers to 20 percent of the teachers at each school site. To the extent possible, Black Men Teach Twin Cities must include sites in greater Minnesota, suburban areas, and urban settings.

(c) The grant money may be used for:

(1) scholarships for aspiring teachers;

(2) student teacher stipends;

(3) mentoring activities;

(4) professional development, with an emphasis on early literacy training, including best practices associated with the science of reading; and

(5) stipends for housing to allow a teacher to live closer to the teacher's school.

(d) Black Men Teach Twin Cities must provide a detailed report to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education and higher education by January 15 of each year following the year of the grant describing how the grant funds were used. The report must describe the progress made toward the goal of increasing the number of Black male teachers at each school site, identify the strategies used to recruit Black teachers, and describe barriers Black men face in the teaching profession. The report must be filed in accordance with Minnesota Statutes, section 3.195.

(e) Up to three percent of the appropriation is available for grant administration.

Subd. 5. **Closing educational opportunity gaps grants.** (a) To support schools in their efforts to close opportunity gaps under Minnesota Statutes, section 120B.113:

\$	<u>3,000,000</u>	.....	<u>2024</u>
\$	<u>3,000,000</u>	.....	<u>2025</u>

(b) The department may retain up to five percent of this appropriation to administer the grant program.

(c) The base for fiscal year 2026 and later is \$0.

Subd. 6. **Coalition to Increase Teachers of Color and American Indian Teachers.** (a) To the Board of Directors of the Minnesota Humanities Center for a grant to the Coalition to Increase Teachers of Color and American Indian Teachers in Minnesota for nonlobbying activities and general operating expenses that support the recruitment and retention of racially and ethnically diverse teachers underrepresented in the state's workforce:

\$	<u>100,000</u>	.....	<u>2024</u>
\$	<u>100,000</u>	.....	<u>2025</u>

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

Subd. 7. **Come Teach in Minnesota hiring bonuses.** (a) For the Come Teach in Minnesota hiring bonuses program under Minnesota Statutes, section 122A.59:

\$	<u>200,000</u>	.....	<u>2024</u>
\$	<u>400,000</u>	.....	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 122A.59, subdivision 5.

Subd. 8. **Concurrent enrollment teacher training program.** (a) For the concurrent enrollment teacher partnership under Minnesota Statutes, section 122A.76:

\$	<u>375,000</u>	.....	<u>2024</u>
\$	<u>375,000</u>	.....	<u>2025</u>

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

Subd. 9. **Expanded concurrent enrollment grants.** (a) For grants to institutions offering "Introduction to Teaching" or "Introduction to Education" courses under Minnesota Statutes, section 124D.09, subdivision 10, paragraph (b):

\$	<u>500,000</u>	.....	<u>2024</u>
\$	<u>500,000</u>	.....	<u>2025</u>

(b) Up to five percent of the grant amount is available for grant administration and monitoring.

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

Subd. 10. **Grow Your Own pathways to teacher licensure grants.** (a) For grants to develop, continue, or expand Grow Your Own new teacher programs under Minnesota Statutes, section 122A.73, to develop a teaching workforce that more closely reflects the state's increasingly diverse student population and ensure all students have equitable access to effective and diverse teachers:

\$	<u>25,000,000</u>	.....	<u>2024</u>
\$	<u>25,000,000</u>	.....	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 122A.73, subdivision 5.

(c) The base for fiscal year 2026 and later is \$31,954,000.

Subd. 11. **Reimbursements for teacher licensing and exam fees.** (a) For reducing financial burdens for aspiring teachers by funding costs associated with Minnesota teacher licensing exams and first professional teacher license fees for newly graduated teachers:

\$	<u>1,400,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) The commissioner must establish a process for newly licensed teachers to be reimbursed for expenses related to:

(1) application fees to the board for initial licensure; and

(2) exam fees for required licensure exams to obtain a teaching license in Minnesota.

(c) Up to \$50,000 is available for administration, including contracts.

(d) This is a onetime appropriation and is available until June 30, 2027.

Subd. 12. **Special education teacher pipeline.** (a) For grants to develop special education teacher pipelines across Minnesota under Minnesota Statutes, section 122A.731:

\$	<u>20,000,000</u>	.....	<u>2024</u>
\$	<u>10,000,000</u>	.....	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 122A.731, subdivision 5.

(c) The base for fiscal year 2026 is \$0 and the base for fiscal year 2027 is \$10,000,000.

Subd. 13. **Statewide teacher mentoring program.** (a) For a statewide teacher induction and mentoring program:

\$	<u>9,940,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) Funds may be used for:

(1) competitive grants to Minnesota regional partners, including institutions of higher education, regional service cooperatives, other district or charter collaboratives, and professional organizations, to provide mentoring supports for new teachers, on-the-ground training, technical assistance, and networks or communities of practice for local new teachers, districts, and charter schools to implement Minnesota's induction model;

(2) competitive grants to school districts to fund Teacher of Record mentorships to Tier 1 special education teachers, including training and supervision; and

(3) contracts with national content experts and research collaboratives to assist in developing Minnesota's induction model, to provide ongoing training to mentors and principals, and to evaluate the program over time.

(c) Up to five percent of the appropriation is available for grant administration.

(d) This is a onetime appropriation and is available until June 30, 2027.

Subd. 14. **Student support personnel aid.** (a) For aid to support schools in addressing students' social, emotional, and physical health under Minnesota Statutes, section 124D.901:

\$	<u>29,138,000</u>	.....	<u>2024</u>
\$	<u>35,270,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$0 for fiscal year 2023 and \$29,138,000 for fiscal year 2024.

(c) The 2025 appropriation includes \$3,237,000 for fiscal year 2024 and \$32,033,000 for fiscal year 2025.

Subd. 15. **Student support personnel workforce pipeline.** (a) For a grant program to develop a student support personnel workforce pipeline focused on increasing school psychologists, school nurses, school counselors, and school social workers of color and Indigenous providers, professional respecialization, recruitment, and retention:

\$	<u>5,000,000</u>	.....	<u>2024</u>
\$	<u>5,000,000</u>	.....	<u>2025</u>

(b) Of the amount in paragraph (a), \$150,000 is for providing support to school nurses across the state.

(c) To the extent practicable, the pipeline grants must be used to support equal numbers of students pursuing careers as school psychologists, school nurses, school counselors, and school social workers.

(d) For grants awarded under this subdivision to school psychologists, the following terms have the meanings given:

(1) "eligible designated trainee" means an individual enrolled in a NASP-approved or APA-accredited school psychology program granting educational specialist certificates or doctoral degrees in school psychology;

(2) "practica" means an educational experience administered and evaluated by the graduate training program, with university and site supervision by appropriately credentialed school psychologists, to develop trainees' competencies to provide school psychological services based on the graduate program's goals and competencies relative to accreditation and licensure requirements; and

(3) "eligible employment" means a paid position within a school or local education agency directly related to the training program providing direct or indirect school psychology services. Direct services include assessment, intervention, prevention, or consultation services to students or their family members and educational staff. Indirect services include supervision, research and evaluation, administration, program development, technical assistance, or professional learning to support direct services.

(e) Grants awarded to school psychologists must be used for:

(1) the provision of paid, supervised, and educationally meaningful practica in a public school setting for an eligible designated trainee enrolled in a qualifying program within the grantee's institution;

(2) to support student recruitment and retention to enroll and hire an eligible designated trainee for paid practica in public school settings; and

(3) oversight of trainee practica and professional development by the qualifying institution to ensure the qualifications and conduct by an eligible designated trainee meet requirements set forth by the state and accrediting agencies.

(f) Upon successful completion of the graduate training program, grants awarded to school psychologists must maintain eligible employment within Minnesota for a minimum period of one-year full-time equivalent for each academic year of paid traineeship under the grant program.

(g) Up to \$150,000 of the appropriation is available for grant administration.

Subd. 16. **Teacher residency program.** (a) For the teacher residency program that meets the requirements of Minnesota Rules, part 8705.2100, subpart 2, item D, subitem (5), unit (g):

<u>\$</u>	<u>3,000,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>3,000,000</u>	<u>.....</u>	<u>2025</u>

(b) Up to three percent of the appropriation is available for grant administration.

(c) Any balance does not cancel but is available in the following fiscal year.

**Sec. 65. APPROPRIATIONS; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

Subdivision 1. Professional Educator Licensing and Standards Board. The sums indicated in this section are appropriated from the general fund to the Professional Educator Licensing and Standards Board for the fiscal years designated.

Subd. 2. Alternative pathways support position. To fund a new position at the Professional Educator Licensing and Standards Board to support candidates through alternative pathway programs, including the licensure via portfolio process, and to support districts, charter schools, and educational cooperatives to become alternative preparation providers:

\$	<u>150,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>150,000</u>	<u>.....</u>	<u>2025</u>

Subd. 3. Collaborative urban and greater Minnesota educators of color grants. (a) For collaborative urban and greater Minnesota educators of color competitive grants under Minnesota Statutes, section 122A.635:

\$	<u>5,440,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>5,440,000</u>	<u>.....</u>	<u>2025</u>

(b) The board may retain up to \$100,000 of the appropriation amount to monitor and administer the grant program.

(c) Any balance does not cancel but is available in the following fiscal year.

Subd. 4. Heritage language and culture teachers. To support an additional licensure pathway program for heritage language and culture teachers under Minnesota Statutes, section 122A.631, including funding for a portfolio liaison and funding for substitute teachers on meeting days, portfolio fees, licensure fees, and licensure exam fees for 50 program participants:

\$	<u>208,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>208,000</u>	<u>.....</u>	<u>2025</u>

Subd. 5. Licensure via portfolio online platform. To complete the licensure via portfolio online platform to streamline the portfolio submission and review process:

\$	<u>150,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>150,000</u>	<u>.....</u>	<u>2025</u>

Subd. 6. Mentoring, induction, and retention incentive program grants for teachers of color. (a) To develop and expand mentoring, induction, and retention programs designed for teachers of color or American Indian teachers under Minnesota Statutes, section 122A.70:

\$	<u>3,500,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>3,500,000</u>	<u>.....</u>	<u>2025</u>

(b) Any balance does not cancel but is available in the following fiscal year.

(c) The base for grants under Minnesota Statutes, section 122A.70, for fiscal year 2026 and later is \$4,500,000, of which at least \$3,500,000 each fiscal year is for grants to develop and expand mentoring, induction, and retention programs designed for teachers of color or American Indian teachers.

(d) The board may retain up to three percent of the appropriation amount to monitor and administer the grant program.

**Subd. 7. Pathway preparation grants.** (a) For grants to support teachers holding a Tier 2 license and seeking a Tier 3 license:

\$	<u>400,000</u>	.....	<u>2024</u>
\$	<u>400,000</u>	.....	<u>2025</u>

(b) The following are eligible for grants under this subdivision:

(1) school districts;

(2) charter schools;

(3) service cooperatives; and

(4) partnerships between one or more teacher preparation providers, school districts, or charter schools.

(c) Grant funds must be used to support teachers holding a Tier 2 license and seeking a Tier 3 license through completion of a teacher preparation program or the licensure via portfolio process. A grant recipient must provide teachers holding a Tier 2 license with professional development, mentorship, and coursework aligned to state standards for teacher licensure.

(d) The Professional Educator Licensing and Standards Board may collaborate with the Department of Education and the Office of Higher Education to administer the grant program.

(e) The board may retain up to three percent of the appropriation amount to monitor and administer the grant.

**Subd. 8. Removing barriers to licensure.** (a) For rulemaking and technology changes related to tiered licensure changes:

\$	<u>77,000</u>	.....	<u>2024</u>
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(b) This is a onetime appropriation.

**Subd. 9. Reports on increasing percentage of teachers of color and American Indian teachers.** (a) To complete reports on state-funded programs to increase the percentage of teachers of color and American Indian teachers in Minnesota schools in accordance with Minnesota Statutes, section 120B.117, and process reports under Minnesota Statutes, sections 122A.40, subdivision 3, and 122A.41, subdivision 16:

\$	<u>20,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

Subd. 10. **Teacher recruitment marketing campaign.** (a) To develop two contracts to develop and implement an outreach and marketing campaign under this subdivision:

<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>500,000</u>	<u>.....</u>	<u>2025</u>

(b) The Professional Educator Licensing and Standards Board must issue a request for proposals to develop and implement an outreach and marketing campaign to elevate the profession and recruit teachers, especially teachers of color and American Indian teachers. Outreach efforts should include and support current and former Teacher of the Year finalists interested in being recruitment fellows to encourage prospective educators throughout the state. The board may renew a grant contract with a prior recipient if it determines sufficient deliverables were achieved and the plans of the firm or organization are more promising than proposals from other entities.

(c) The outreach and marketing campaign must focus on increasing interest in teaching in Minnesota public schools for the following individuals:

(1) high school and college students of color or American Indian students who have not chosen a career path; or

(2) adults from racial or ethnic groups underrepresented in the teacher workforce who may be seeking to change careers.

(d) The board must award two \$250,000 grants each year to firms or organizations that demonstrate capacity to reach wide and varied audiences of prospective teachers based on a work plan with quarterly deliverables. Preferences should be given to firms or organizations that are led by people of color and that have people of color working on the campaign with a proven record of success. The grant recipients must recognize current pathways or programs to become a teacher and must partner with educators, schools, institutions, and racially diverse communities. The grant recipients are encouraged to provide in-kind contributions or seek funds from nonstate sources to supplement the grant award.

(e) The board may use no more than three percent of the appropriation amount to administer the program under this subdivision, and may have an interagency agreement with the Department of Education including transfer of funds to help administer the program.

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

**Sec. 66. REVISOR INSTRUCTION.**

The revisor of statutes shall replace the terms "candidate" or "candidates" with "applicant" or "applicants" wherever they appear in Minnesota Statutes, sections 122A.09, 122A.18, 122A.181, 122A.182, 122A.183, 122A.184, 122A.185, 122A.188, 122A.21, and 122A.28.

**Sec. 67. REPEALER.**

(a) Minnesota Statutes 2022, sections 122A.07, subdivision 2a; 122A.091, subdivisions 3 and 6; and 122A.18, subdivision 7c, are repealed.

(b) Minnesota Rules, part 8710.0500, subparts 8 and 11, are repealed.

(c) Minnesota Statutes 2022, section 122A.182, subdivision 2, is repealed.

**EFFECTIVE DATE.** Paragraph (c) is effective July 1, 2024.

## ARTICLE 6

### CHARTER SCHOOLS

Section 1. Minnesota Statutes 2022, section 124E.02, is amended to read:

#### **124E.02 DEFINITIONS.**

(a) For purposes of this chapter, the terms defined in this section have the meanings given them.

(b) "Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under section 124E.06, subdivision 4, attesting to its review and approval process before chartering a school.

(c) "Affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person.

(d) "Charter management organization" or "CMO" means any nonprofit or for-profit entity that contracts with a charter school board of directors to provide, manage, or oversee all or substantially all of a school's education program or a school's administrative, financial, business, or operational functions.

~~(d)~~ (e) "Control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether by owning voting securities, by contract, or otherwise.

(f) "Educational management organization" or "EMO" means a nonprofit or for-profit entity that provides, manages or oversees all or substantially all of the education program, or the school's administrative, financial, business, or operational functions.

~~(e)~~ (g) "Immediate family" means an individual whose relationship by blood, marriage, adoption, or partnership is no more remote than first cousin.

(h) "Market need and demand study" means a study that includes the following for the proposed locations of the school or additional site:

(1) current and projected demographic information;

(2) student enrollment patterns;

(3) information on existing schools and types of educational programs currently available;

(4) characteristics of proposed students and families;

(5) availability of properly zoned and classified facilities; and

(6) quantification of existing demand for the school or site.

~~(f)~~ (i) "Person" means an individual or entity of any kind.

~~(g)~~ (j) "Related party" means an affiliate or immediate relative of the other interested party, an affiliate of an immediate relative who is the other interested party, or an immediate relative of an affiliate who is the other interested party.

~~(h)~~ (k) For purposes of this chapter, the terms defined in section 120A.05 have the same meanings.

Sec. 2. Minnesota Statutes 2022, section 124E.03, subdivision 2, is amended to read:

Subd. 2. **Certain federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A charter school must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(d) A charter school is a district for the purposes of tort liability under chapter 466.

(e) A charter school must comply with the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(f) A charter school and charter school board of directors must comply with chapter 181 governing requirements for employment.

(g) A charter school must comply with continuing truant notification under section 260A.03.

(h) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13), and place students in classrooms in accordance with section 122A.40, subdivision 8, paragraph (d). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(i) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

(j) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56 and 121A.575.

Sec. 3. Minnesota Statutes 2022, section 124E.03, is amended by adding a subdivision to read:

Subd. 9. **English learners.** A charter school is subject to and must comply with the Education for English Learners Act under sections 124D.58 to 124D.64 as though the charter school were a district.

Sec. 4. Minnesota Statutes 2022, section 124E.05, subdivision 4, is amended to read:

Subd. 4. **Application content.** (a) To be approved as an authorizer, an applicant must include in its application to the commissioner at least the following:

- (1) how the organization carries out its mission by chartering schools;
- (2) a description of the capacity of the organization to serve as an authorizer, including the positions allocated to authorizing duties, the qualifications for those positions, the full-time equivalencies of those positions, and the financial resources available to fund the positions;
- (3) the application and review process the authorizer uses to decide whether to grant charters;
- (4) the type of contract it arranges with the schools it charters to meet the provisions of section 124E.10;
- (5) the process for overseeing the school, consistent with clause (4), to ensure that the schools chartered comply with applicable law and rules and the contract;
- (6) the criteria and process the authorizer uses to approve applications adding grades or sites under section 124E.06, subdivision 5;
- (7) the process for renewing or terminating the school's charter based on evidence showing the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and
- (8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term until the commissioner terminates the organization's ability to authorize charter schools under subdivision 6 or the organization formally withdraws as an approved authorizer under subdivision 7.

(b) Notwithstanding paragraph (a), an authorizer that is a school district may satisfy the requirements of paragraph (a), clauses (1) and (2), and any requirement governing a conflict of interest between an authorizer and its charter schools or ongoing evaluation or continuing education of an administrator or other professional support staff by submitting to the commissioner a written promise to comply with the requirements.

Sec. 5. Minnesota Statutes 2022, section 124E.05, subdivision 7, is amended to read:

Subd. 7. **Withdrawal.** If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under ~~section 124E.10, subdivision 4~~ subdivision 6, the authorizer must notify all its chartered schools and the commissioner in writing by March 1 of its intent to withdraw as an authorizer on June 30 in the next calendar year, ~~regardless of when the authorizer's five-year term of approval ends.~~ Upon notification of the schools and commissioner, the authorizer must provide a letter to the school for distribution to families of students enrolled in the school that explains the decision to withdraw as an authorizer. The commissioner may approve the transfer of a charter school to a new authorizer under section 124E.10, subdivision 5.

Sec. 6. Minnesota Statutes 2022, section 124E.06, subdivision 1, is amended to read:

Subdivision 1. **Individuals eligible to organize.** (a) An authorizer, after receiving an application from a charter school developer, may charter either a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under subdivision 4.

(b) "Application" under this section means the charter school business plan a charter school developer submits to an authorizer for approval to establish a charter school. This application must include:

(1) the school developer's proposed school's:

(i) mission statement and vision statements;

(ii) school purposes and goals;

(iii) educational program design and how the program will improve student learning, success, and achievement;

(iv) plan to address the social and emotional learning needs of students and student support services;

(v) plan to provide special education management and services;

(vi) plan for staffing the school with appropriately qualified and licensed personnel;

~~(iv)~~ (vii) financial plan;

~~(v)~~ (viii) governance and management structure and plan; and

~~(vi)~~ background and experience;

(ix) market need and demand study; and

(x) plan for ongoing outreach and dissemination of information about the school's offerings and enrollment procedure to families that reflect the diversity of Minnesota's population and targeted groups under section 124E.17, subdivision 1, paragraph (a);

(2) the school developer's experience and background, including criminal history and bankruptcy background checks;

~~(2)~~ (3) any other information the authorizer requests; and

~~(3)~~ (4) a "statement of assurances" of legal compliance prescribed by the commissioner.

(c) An authorizer shall not approve an application submitted by a charter school developer under paragraph (a) if the application does not comply with subdivision 3, paragraph (e), and section 124E.01, subdivision 1. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4 if the affidavit does not comply with subdivision 3, paragraph (e), and section 124E.01, subdivision 1.

Sec. 7. Minnesota Statutes 2022, section 124E.06, subdivision 4, is amended to read:

Subd. 4. **Authorizer's affidavit; approval process.** (a) Before an operator may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. An authorizer must file an affidavit at least 14 months before July 1 of the year the new charter school plans to serve students. The affidavit must state:

(1) the terms and conditions under which the authorizer would charter a school, including a market need and demand study; and

(2) how the authorizer intends to oversee:

(i) the fiscal and student performance of the charter school; and

(ii) compliance with the terms of the written contract between the authorizer and the charter school board of directors under section 124E.10, subdivision 1.

(b) The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receiving the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. The commissioner must notify the authorizer of the commissioner's final approval or final disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. An authorizer who fails to obtain the commissioner's approval is precluded from chartering the school that is the subject of this affidavit.

Sec. 8. Minnesota Statutes 2022, section 124E.06, subdivision 5, is amended to read:

Subd. 5. **Adding grades or sites.** (a) A charter school may apply to the authorizer to amend the school charter to add grades or primary enrollment sites beyond those defined in the original affidavit approved by the commissioner. After approving the school's application, the authorizer shall submit a supplemental affidavit in the form and manner prescribed by the commissioner. The authorizer must file a supplemental affidavit to the commissioner by October 1 to be eligible to add grades or sites in the next school year. The supplemental affidavit must document to the authorizer's satisfaction:

(1) the need for the additional grades or sites with supporting long-range enrollment projections;

(2) a longitudinal record of student academic performance and growth on statewide assessments under chapter 120B or on other academic assessments that measure longitudinal student performance and growth approved by the charter school's board of directors and agreed upon with the authorizer;

(3) a history of sound school finances and a plan to add grades or sites that sustains the school's finances; ~~and~~

(4) board capacity to administer and manage the additional grades or sites; and

(5) for site expansion, a market need and demand study.

(b) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer in writing of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address any deficiencies in the supplemental affidavit to the commissioner's satisfaction. The commissioner must notify the authorizer of final approval or final disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. The school may not add grades or sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 9. Minnesota Statutes 2022, section 124E.10, subdivision 1, is amended to read:

Subdivision 1. **Contents.** (a) To authorize a charter school, the authorizer and the charter school board of directors must sign a written contract within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit a copy of the charter contract to the commissioner within ten business days after the contract is signed by the contracting parties. The contract must include at least the following:

(1) a declaration that the charter school will carry out the primary purpose in section 124E.01, subdivision 1, and indicate how the school will report its implementation of the primary purpose to its authorizer;

(2) a declaration of the additional purpose or purposes in section 124E.01, subdivision 1, that the school intends to carry out and indicate how the school will report its implementation of those purposes to its authorizer;

(3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

(4) a statement of the school's admission policies and procedures;

(5) a school governance, management, and administration plan;

(6) signed agreements from charter school board members to comply with the federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

(7) the criteria, processes, and procedures the authorizer will use to monitor and evaluate the fiscal, operational, and academic performance, consistent with subdivision 3, paragraphs (a) and (b);

(8) for contract renewal, the formal written performance evaluation that is a prerequisite for reviewing a charter contract under subdivision 3;

(9) types and amounts of insurance liability coverage the charter school must obtain, consistent with section 124E.03, subdivision 2, paragraph (d);

(10) consistent with section 124E.09, paragraph (d), a provision to indemnify and hold harmless from any suit, claim, or liability arising from any charter school operation:

(i) the authorizer and its officers, agents, and employees; and

(ii) notwithstanding section 3.736, the commissioner and department officers, agents, and employees;

(11) the term of the contract, which, for an initial contract, may be up to five years plus a preoperational planning period, or for a renewed contract or a contract with a new authorizer after a transfer of authorizers, may be up to five years, if warranted by the school's academic, financial, and operational performance;

(12) how the charter school board of directors or the charter school operators will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, and a description of the financial parameters within which the charter school will provide the special instruction and services to children with a disability;

(13) the specific conditions for contract renewal that identify the performance of all students under the primary purpose of section 124E.01, subdivision 1, as the most important factor in determining whether to renew the contract; and

(14) the additional purposes under section 124E.01, subdivision 1, and related performance obligations under clause (7) contained in the charter contract as additional factors in determining whether to renew the contract.

(b) In addition to the requirements of paragraph (a), the charter contract must contain the plan for an orderly closing of the school under chapter 317A, that establishes the responsibilities of the school board of directors and the authorizer, whether the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract. The plan must establish who is responsible for:

(1) notifying the commissioner, school district in which the charter school is located, and parents of enrolled students about the closure;

(2) providing parents of enrolled students information and assistance to enable the student to re-enroll in another school;

(3) transferring student records under section 124E.03, subdivision 5, paragraph (b), to the student's resident school district; and

(4) closing financial operations.

(c) A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students, including world's best workforce goals under section 120B.11, subdivision 1. In the absence of the commissioner's requirements governing state standards and benchmarks, the school must meet the outcomes contained in the contract with the authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Sec. 10. Minnesota Statutes 2022, section 124E.11, is amended to read:

#### **124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.**

(a) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may limit admission to:

(1) pupils within an age group or grade level;

(2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

(b) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), ~~shall~~ must enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its website, a lottery policy and process that it must use when accepting pupils by lot.

(c) Admission to a charter school must be free to any eligible pupil who resides within the state. A charter school must give enrollment preference to a Minnesota resident pupil over pupils that do not reside in Minnesota. A charter school must require a pupil who does not reside in Minnesota to annually apply to enroll in accordance with paragraphs (a) to (f). A charter school shall must give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot. A charter school that is located in Duluth township in St. Louis County and admits students in kindergarten through grade 6 must give enrollment preference to students residing within a five-mile radius of the school and to the siblings of enrolled children. A charter school may give enrollment preference to children currently enrolled in the school's free preschool or prekindergarten program under section 124E.06, subdivision 3, paragraph (b), who are eligible to enroll in kindergarten in the next school year.

(d) A person ~~shall~~ may not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its website a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

(e) Except as permitted in ~~paragraph (d)~~ paragraphs (d) and (i), a charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.

(f) The charter school ~~shall~~ must not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

(g) Once a student who resides in Minnesota is enrolled in the school in kindergarten through grade 12, or in the school's free preschool or prekindergarten program under section 124E.06, subdivision 3, paragraph (b), the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56.

(h) A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

(i) A charter school serving at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf, deafblind, or hard-of-hearing may give enrollment preference to students who are eligible for special education services and have a primary disability of deaf, deafblind, or hard-of-hearing. The charter school may not limit admission based on the student's eligibility for additional special education services.

Sec. 11. Minnesota Statutes 2022, section 124E.12, subdivision 1, is amended to read:

Subdivision 1. **Teachers.** A charter school, excluding its preschool or prekindergarten program established under section 124E.06, subdivision 3, must employ or contract with necessary teachers, as defined by section ~~122A.15, subdivision 1,~~ 122A.06, subdivision 2, or contract with a cooperative formed under chapter 308A to provide necessary teachers, who hold valid licenses to perform the particular service for which they are employed in the school. A charter school's preschool or prekindergarten program must employ or contract with teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction established under section 124E.06, subdivision 3. The commissioner may reduce the charter school's state aid under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the Professional Educator Licensing and Standards Board. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932 governing whistle-blowers. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

Sec. 12. Minnesota Statutes 2022, section 124E.13, subdivision 1, is amended to read:

Subdivision 1. **Leased space.** A charter school may lease space from: an independent or special school board; other public organization; private, nonprofit, nonsectarian organization; private property owner; or a sectarian organization if the leased space is constructed as a school facility. In all cases, the eligible lessor must also be the building owner. The commissioner must review and approve or disapprove leases in a timely manner to determine eligibility for lease aid under section 124E.22.

Sec. 13. Minnesota Statutes 2022, section 124E.13, subdivision 3, is amended to read:

Subd. 3. **Affiliated nonprofit building corporation.** (a) An affiliated nonprofit building corporation may purchase, expand, or renovate an existing facility to serve as a school or may construct a new school facility. A One charter school may organize an affiliated nonprofit building corporation that serves only that charter school if the charter school:

(1) has operated for at least six consecutive years;

(2) as of June 30, has a net positive unreserved general fund balance in the preceding three fiscal years;

(3) has long-range strategic and financial plans that include enrollment projections for at least five years;

(4) completes a feasibility study of facility options that outlines the benefits and costs of each option; and

(5) has a plan that describes project parameters and budget.

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under section 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) post on the school website the name, mailing address, bylaws, minutes of board meetings, and names of the current board of directors of the affiliated nonprofit building corporation;

(4) submit to the commissioner a copy of its annual audit by December 31 of each year; and

(5) comply with government data practices law under chapter 13.

(c) An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(d) The board of directors of the charter school must ensure the affiliated nonprofit building corporation complies with all applicable legal requirements. The charter school's authorizer must oversee the efforts of the board of directors of the charter school to ensure legal compliance of the affiliated building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must consider that failure when evaluating the charter school.

Sec. 14. Minnesota Statutes 2022, section 124E.16, is amended to read:

**124E.16 REPORTS.**

Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing auditing procedures. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06 governing government property and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing municipal contracting. The audit must comply with the requirements of sections 123B.75 to 123B.83 governing school district finance, except when the commissioner and authorizer approve a deviation made necessary because of school program finances. The commissioner, state auditor, legislative auditor, or authorizer may conduct financial,

program, or compliance audits. A charter school in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(b) The charter school must submit an audit report to the commissioner and its authorizer annually by December 31.

(c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information: (1) a copy of a new management agreement or an amendment to a current agreement with a charter management organization or an educational management organization and (2) service agreements or contracts over the lesser of \$100,000 or ten percent of the school's most recent annual audited expenditures CMO or EMO signed during the audit year; and (2) a copy of a service agreement or contract with a company or individual totaling over five percent of the audited expenditures for the most recent audit year. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. ~~If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.~~

(d) A charter school independent audit report shall include audited financial data of an affiliated building corporation under section 124E.13, subdivision 3, or other component unit.

(e) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the charter school will resolve that material weakness. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

**Subd. 2. Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, management agreements with a CMO or EMO, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11 governing the world's best workforce. A charter school must post the annual report on the school's official website. A charter school also must distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) An authorizer must submit an annual public report in a manner specified by the commissioner by January 15 for the previous school year ending June 30 that shall at least include key indicators of school academic, operational, and financial performance. The report is part of the system to evaluate authorizer performance under section 124E.05, subdivision 5.

**Subd. 3. Public accounting and reporting CMO and EMO agreements.** (a) A charter school that enters into a management agreement with a CMO or EMO must:

(1) publish on the charter school website for at least 20 business days the proposed final agreement for public review and comment before the school board may adopt the contract or agreement. Any changes made to the posted agreement during the public review period or any

proposed amendments to the agreement once adopted must be posted for 20 business days before the board may adopt the amendments to the contract;

(2) annually publish on the charter school website a statement of assurance that no member of the school board, staff, or any agent of the school has been promised or received any form of compensation or gifts from the CMO or EMO and that no board member, employee, or agent of the CMO or EMO or any of the organization affiliates or providers serve on the charter school board; and

(3) conduct an independent review and evaluation of the services provided by the CMO or EMO and publish the evaluation on the school's website at least 30 business days before the end of the current contract.

(b) A management agreement with a CMO or EMO must contain the following:

(1) the term of the contract, not to exceed five years;

(2) the total dollar value of the contract including the annual projected costs of services;

(3) a description and terms of the services to be provided during the term of the contract;

(4) notice that a charter school closure during the term of the contract by action of the authorizer or the school's board results in the balance of the current contract becoming null and void;

(5) an annual statement of assurance to the charter school board that the CMO or EMO provided no compensation or gifts to any charter school board member, staff member, or agent of the charter school;

(6) an annual statement of assurance that no charter school board member, employee, contractor, or agent of the CMO or EMO or any affiliated organization is a board member of the charter school or any other charter school;

(7) the policies and protocols that meet federal and state laws regarding student and personnel data collection, usage, access, retention, disclosure and destruction, and indemnification and warranty provisions in case of data breaches by the CMO or EMO; and

(8) an annual assurance that all assets purchased on behalf of the charter school using public funds remain assets of the school.

(c) The CMO or EMO must annually provide the charter school board a financial report by July 31 that accounts for income and expenditures for the previous fiscal year using the account categories in uniform financial accounting and reporting standards.

(d) Any agreement with a CMO or EMO containing any of the following provisions is null and void:

(1) restrictions on the charter school's ability to operate a school upon termination of the agreement;

(2) restrictions on the annual or total amount of the school's operating surplus or fund balance;

(3) authorization to allow a CMO or EMO to withdraw funds from a charter school account; or

(4) authorization to allow a CMO or EMO to loan funds to the charter school.

(e) A CMO or EMO or its affiliates, employees, or agents may not contract with, be employed by, or serve on the board of an authorizer. An authorizer or its affiliates, employees, or agents may not contract with, be employed by, serve as a paid consultant for, or serve as a board member of a CMO or EMO.

Sec. 15. Minnesota Statutes 2022, section 124E.25, subdivision 1a, is amended to read:

Subd. 1a. **School closures; payments.** (a) Notwithstanding subdivision 1 and section 127A.45, for a charter school ceasing operation on or before June 30, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter ~~308A~~ or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, and documented lease expenditures from the charter school and monitoring special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment.

(b) For a charter school ceasing operations before or at the end of a school year, notwithstanding section 127A.45, subdivision 3, the commissioner may make preliminary final payments after the school submits the closure plan, an audit of pupil counts, documented lease expenditures, and Uniform Financial Accounting and Reporting Standards (UFARS) financial data and the commissioner monitors special education expenditures for the final year of operation. The commissioner may make the final payment after receiving audited financial statements under section 123B.77, subdivision 3.

(c) Notwithstanding sections 317A.701 to 317A.791, after closing a charter school and satisfying creditors, remaining cash and investment balances shall be returned by the commissioner to the state general fund.

## ARTICLE 7

### SPECIAL EDUCATION

Section 1. Minnesota Statutes 2022, section 120A.20, subdivision 1, is amended to read:

Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or in part by state funds are public schools. Admission to a public school is free to any person who: (1) resides within the district that operates the school; (2) is under 21 years of age or who meets the requirements of paragraph (c); and (3) satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school is governed by a single set of reasonable rules and regulations promulgated by the school board.

(b) A person shall not be admitted to a public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age under section 124D.02.

(c) A pupil who becomes age 21 after enrollment is eligible for continued free public school enrollment until at least one of the following occurs: (1) the first September 1 after the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3) the pupil's withdrawal with no subsequent enrollment within 21 calendar days; ~~or~~ (4) the end of the school year; or (5) in the case of a student with a disability as defined under section 125A.02, the pupil's 22nd birthday.

Sec. 2. Minnesota Statutes 2022, section 121A.41, subdivision 7, is amended to read:

Subd. 7. **Pupil.** (a) "Pupil" means any student:

(1) without a disability under 21 years of age; or

(2) with a disability under ~~21~~ 22 years old who has not received a regular high school diploma ~~or for a child with a disability who becomes 21 years old during the school year but has not received a regular high school diploma, until the end of that school year;~~ and

(3) who remains eligible to attend a public elementary or secondary school.

(b) A "student with a disability" or a "pupil with a disability" has the same meaning as a "child with a disability" under section 125A.02.

Sec. 3. Minnesota Statutes 2022, section 122A.31, subdivision 1, is amended to read:

Subdivision 1. **Requirements for American sign language/English interpreters.** (a) In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must:

(1) hold current interpreter ~~and~~ or transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf (NAD), or a comparable state certification from the commissioner of education; ~~and~~

~~(2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution; or~~

(2) hold a certified deaf interpreter certification issued by RID.

(b) New graduates of an interpreter/transliterator program affiliated with an accredited education institution or deaf interpreters who have completed 40 hours of RID-approved continuing education units shall be granted a two-year provisional certificate by the commissioner. During the two-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (c).

(c) A mentor of a provisionally certified interpreter/transliterater must be an interpreter/transliterater who has either NAD level IV or V certification or RID certified interpreter and certified transliterater certification and have at least three years of interpreting/transliterating experience in any educational setting. The mentor, in collaboration with the provisionally certified interpreter/transliterater, shall develop and implement an education plan designed to meet the requirements of paragraph (a), ~~clause (1)~~, and include a weekly on-site mentoring process.

(d) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one time-limited extension. The commissioner, in consultation with the Commission of the Deaf, DeafBlind and Hard of Hearing, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

(1) letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;

(2) records of the person's formal education, training, experience, and progress on the person's education plan; and

(3) an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying ~~time-line~~ timeline for meeting the requirements of this subdivision. A committee composed of the deaf and hard-of-hearing state specialist, a representative of the Minnesota Association of Deaf Citizens, a representative of the Minnesota Registry of Interpreters ~~of~~ for the Deaf, and other appropriate ~~persons~~ committee members selected by the commissioner must develop the plan and ~~time-line~~ timeline for the person receiving the extension.

(e) A school district may employ only an interpreter/transliterater who has been certified under paragraph (a) or (b), or for whom a time-limited extension has been granted under paragraph (d).

(f) An interpreter who meets the requirements of paragraph (a) or (b) is "essential personnel" as defined in section 125A.76, subdivision 1.

Sec. 4. Minnesota Statutes 2022, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program

under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type III vehicles, as defined in section 169.011, subdivision 71, which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school;

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation; and

(vi) transportation of pregnant or parenting pupils to and from a program that was established on or before January 1, 2018, or that is in operation on or after July 1, 2021, that provides:

(A) academic instruction;

(B) at least four hours per week of parenting instruction; and

(C) high-quality child care on site during the education day with the capacity to serve all children of enrolled pupils.

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person or other

location chosen by the pupil's parent or guardian, or an after-school program for children operated by a political subdivision of the state, as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility, residence, or program is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of full-service school zones, extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of full-service school zones, extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes;

(vii) transportation of pupils for a curricular field trip activity on a school bus equipped with a power lift when the power lift is required by a student's disability or section 504 plan; and

(viii) services described in clauses (i) to (vii), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individualized education program or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education initial aid under section 125A.76, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a student in a shelter care facility as defined in section 260C.007, subdivision 30, a student placed in a family foster home as defined in section 260C.007, subdivision 16b, a homeless student in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a). For purposes of subitem (A), a school district may transport a child who does not have a school of origin to the same school attended by that child's sibling, if the siblings are homeless or in a shelter care facility.

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

Sec. 5. Minnesota Statutes 2022, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) A state-approved alternative program designated by the state must be a site. A state-approved alternative program must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

(1) a district that is served by the state-approved alternative program; or

(2) a charter school located within the geographic boundaries of a district that is served by the state-approved alternative program.

(b) To be designated, a state-approved alternative program must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

(c) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first. A student with a disability as set forth in section 125A.02 may continue to enroll in courses until the student graduates with a regular high school diploma or the student is 22 years old, whichever comes first.

Sec. 6. Minnesota Statutes 2022, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as having substance use disorder;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or is an English learner;

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

(b) A pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age, and is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, or is a pupil with a disability as set forth in section 125A.02, is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

Sec. 7. Minnesota Statutes 2022, section 125A.03, is amended to read:

**125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.**

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities. "Free appropriate public education" means special education and related services that:

(1) are provided at public expense, under public supervision and direction, and without charge;

(2) meet the standards of the state, including the requirements of the Individuals with Disabilities Education Act, Part B or C;

(3) include an appropriate preschool, elementary school, or secondary school education; and

(4) are provided to children ages three through 21 in conformity with an individualized education program that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 300.320 to 300.324, and provided to infants and toddlers in conformity with an individualized family service plan that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 303.300 to 303.346.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth ~~until July 1 after the child with a disability becomes 21 years old~~ until the child with a disability becomes 22 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

(c) At the board's discretion, a school district that participates in a reciprocity agreement with a neighboring state under section 124D.041 may enroll and provide special instruction and services to a child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service if the district has completed child identification procedures for that child to determine the child's eligibility for special education services, and the child has received developmental screening under sections 121A.16 to 121A.19.

Sec. 8. Minnesota Statutes 2022, section 125A.0942, is amended to read:

**125A.0942 STANDARDS FOR RESTRICTIVE PROCEDURES.**

Subdivision 1. **Restrictive procedures plan.** (a) Schools that intend to use restrictive procedures shall maintain and make publicly accessible in an electronic format on a school or district website or make a paper copy available upon request describing a restrictive procedures plan for children with disabilities that at least:

- (1) lists the restrictive procedures the school intends to use;
  - (2) describes how the school will implement a range of positive behavior strategies and provide links to mental health services;
  - (3) describes how the school will provide training on de-escalation techniques, consistent with section 122A.187, subdivision 4;
  - (4) describes how the school will monitor and review the use of restrictive procedures, including:
    - (i) conducting post-use debriefings, consistent with subdivision 3, paragraph (a), clause (5); and
    - (ii) convening an oversight committee to undertake a quarterly review of the use of restrictive procedures based on patterns or problems indicated by similarities in the time of day, day of the week, duration of the use of a procedure, the individuals involved, or other factors associated with the use of restrictive procedures; the number of times a restrictive procedure is used schoolwide and for individual children; the number and types of injuries, if any, resulting from the use of restrictive procedures; whether restrictive procedures are used in nonemergency situations; the need for additional staff training; and proposed actions to minimize the use of restrictive procedures; any disproportionate use of restrictive procedures based on race, gender, or disability status; the role of the school resource officer or police in emergencies and the use of restrictive procedures; and documentation to determine if the standards for using restrictive procedures as described in sections 125A.0941 and 125A.0942 are met; and
  - (5) includes a written description and documentation of the training staff completed under subdivision 5.
- (b) Schools annually must publicly identify oversight committee members who must at least include:
- (1) a mental health professional, school psychologist, or school social worker;
  - (2) an expert in positive behavior strategies;

- (3) a special education administrator; and
- (4) a general education administrator.

Subd. 2. **Restrictive procedures.** (a) Restrictive procedures may be used only by a licensed special education teacher, school social worker, school psychologist, behavior analyst certified by the National Behavior Analyst Certification Board, a person with a master's degree in behavior analysis, other licensed education professional, paraprofessional under section 120B.363, or mental health professional under section 245.4871, subdivision 27, who has completed the training program under subdivision 5.

(b) A school shall make reasonable efforts to notify the parent on the same day a restrictive procedure is used on the child, or if the school is unable to provide same-day notice, notice is sent within two days by written or electronic means or as otherwise indicated by the child's parent under paragraph (f).

(c) The district must hold a meeting of the individualized education program or individualized family service plan team, conduct or review a functional behavioral analysis, review data, consider developing additional or revised positive behavioral interventions and supports, consider actions to reduce the use of restrictive procedures, and modify the individualized education program, individualized family service plan, or behavior intervention plan as appropriate. The district must hold the meeting: within ten calendar days after district staff use restrictive procedures on two separate school days within 30 calendar days or a pattern of use emerges and the child's individualized education program, individualized family service plan, or behavior intervention plan does not provide for using restrictive procedures in an emergency; or at the request of a parent or the district after restrictive procedures are used. The district must review use of restrictive procedures at a child's annual individualized education program or individualized family service plan meeting when the child's individualized education program or individualized family service plan provides for using restrictive procedures in an emergency.

(d) If the individualized education program or individualized family service plan team under paragraph (c) determines that existing interventions and supports are ineffective in reducing the use of restrictive procedures or the district uses restrictive procedures on a child on ten or more school days during the same school year, the team, as appropriate, either must consult with other professionals working with the child; consult with experts in behavior analysis, mental health, communication, or autism; consult with culturally competent professionals; review existing evaluations, resources, and successful strategies; or consider whether to reevaluate the child.

(e) At the individualized education program or individualized family service plan meeting under paragraph (c), the team must review any known medical or psychological limitations, including any medical information the parent provides voluntarily, that contraindicate the use of a restrictive procedure, consider whether to prohibit that restrictive procedure, and document any prohibition in the individualized education program, individualized family service plan, or behavior intervention plan.

(f) An individualized education program or individualized family service plan team may plan for using restrictive procedures and may include these procedures in a child's individualized education program, individualized family service plan, or behavior intervention plan; however, the restrictive

procedures may be used only in response to behavior that constitutes an emergency, consistent with this section. The individualized education program, individualized family service plan, or behavior intervention plan shall indicate how the parent wants to be notified when a restrictive procedure is used.

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) physical holding or seclusion is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;

(3) physical holding or seclusion ends when the threat of harm ends and the staff determines the child can safely return to the classroom or activity;

(4) staff directly observes the child while physical holding or seclusion is being used;

(5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; ~~and~~

(iv) a brief record of the child's behavioral and physical status; and

(v) a brief description of the post-use debriefing that occurred as a result of the use of the physical hold or seclusion;

(6) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others; and

(7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room.

(b) By February 1, 2015, and annually thereafter, stakeholders may, as necessary, recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of seclusion. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of seclusion; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The commissioner must consult with interested stakeholders when preparing the report, including representatives of advocacy organizations, special education directors, teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. Beginning with the 2016-2017 school year, in a form and manner determined by the commissioner, districts must report data quarterly to the department by January 15, April 15, July 15, and October 15 about individual students who have been secluded. By July 15 each year, districts must report summary data on their use of restrictive procedures to the department for the prior school year, July 1 through June 30, in a form and manner determined by the commissioner. The summary data must include information about the use of restrictive procedures, including use of reasonable force under section 121A.582.

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under chapter 260E;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities;

(9) physical holding that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso; ~~and~~

(10) prone restraint; and

(11) the use of seclusion on children from birth through grade 3 by September 1, 2024.

Subd. 5. **Training for staff.** (a) To meet the requirements of subdivision 1, staff who use restrictive procedures, including paraprofessionals, shall complete training in the following skills and knowledge areas:

(1) positive behavioral interventions;

(2) communicative intent of behaviors;

(3) relationship building;

(4) alternatives to restrictive procedures, including techniques to identify events and environmental factors that may escalate behavior;

(5) de-escalation methods;

(6) standards for using restrictive procedures only in an emergency;

(7) obtaining emergency medical assistance;

(8) the physiological and psychological impact of physical holding and seclusion;

(9) monitoring and responding to a child's physical signs of distress when physical holding is being used;

(10) recognizing the symptoms of and interventions that may cause positional asphyxia when physical holding is used;

(11) district policies and procedures for timely reporting and documenting each incident involving use of a restricted procedure; and

(12) schoolwide programs on positive behavior strategies.

(b) The commissioner, after consulting with the commissioner of human services, must develop and maintain a list of training programs that satisfy the requirements of paragraph (a). The commissioner also must develop and maintain a list of experts to help individualized education program or individualized family service plan teams reduce the use of restrictive procedures. The district shall maintain records of staff who have been trained and the organization or professional that conducted the training. The district may collaborate with children's community mental health providers to coordinate trainings.

Subd. 6. **Behavior supports; reasonable force.** (a) School districts are encouraged to establish effective schoolwide systems of positive behavior interventions and supports.

(b) Nothing in this section or section 125A.0941 precludes the use of reasonable force under sections 121A.582; 609.06, subdivision 1; and 609.379. ~~For the 2014-2015 school year and later, districts must collect and submit to the commissioner summary data, consistent with subdivision 3, paragraph (b), on district use of reasonable force that is consistent with the definition of physical holding or seclusion for a child with a disability under this section. Any reasonable force used under sections 121A.582; 609.06, subdivision 1; and 609.379 which intends to hold a child immobile or limit a child's movement where body contact is the only source of physical restraint or confines a child alone in a room from which egress is barred shall be reported to the Department of Education as a restrictive procedure, including physical holding or seclusion used by an unauthorized or untrained staff person.~~

(c) By February 1, 2024, the commissioner, in cooperation with stakeholders, must make recommendations to the legislature for urgently ending seclusion in Minnesota schools. The commissioner must consult with interested stakeholders, including parents of students who have been secluded or restrained; advocacy organizations; legal services providers; special education directors; teachers; paraprofessionals; intermediate school districts and cooperative units as defined under section 123A.24, subdivision 2; school boards; day treatment providers; county social services; state human services department staff; mental health professionals; autism experts; and representatives of groups disproportionately affected by restrictive procedures, including People of Color and people with disabilities. The recommendations must include specific dates for ending seclusion by grade or facility. The recommendations must identify existing resources and the new resources necessary for staff capacity, staff training, children's supports, child mental health services, and schoolwide collaborative efforts.

Sec. 9. Minnesota Statutes 2022, section 125A.15, is amended to read:

**125A.15 PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.**

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian. If there is a dispute between school districts regarding residency, the district of residence is the district designated by the commissioner.

(b) If a district other than the resident district places a pupil for care and treatment, the district placing the pupil must notify and give the resident district an opportunity to participate in the placement decision. When an immediate emergency placement of a pupil is necessary and time constraints foreclose a resident district from participating in the emergency placement decision, the district in which the pupil is temporarily placed must notify the resident district of the emergency placement within 15 days. The resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(c) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment,

the district of residence is responsible for providing transportation to and from the care and treatment program and an appropriate educational program for the child. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district. If a child's district of residence, district of open enrollment under section 124D.03, or charter school of enrollment under section 124E.11 is authorized to provide online learning instruction under state statutes, the child's district of residence may utilize that state-approved online learning program in fulfilling its educational program responsibility under this section if the child, or the child's parent or guardian for a pupil under the age of 18, agrees to that form of instruction.

(d) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11, except as provided in paragraph (e). However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment. If a child's district of residence, district of open enrollment under section 124D.03, or charter school of enrollment under section 124E.11 is authorized to provide online learning instruction under state statutes, the nonresident district may utilize that state-approved online learning program in fulfilling its educational program responsibility under this section if the child, or the child's parent or guardian for a pupil under the age of 18, agrees to that form of instruction.

(e) A privately owned and operated residential facility may enter into a contract to obtain appropriate educational programs for special education children and services with a joint powers entity. The entity with which the private facility contracts for special education services shall be the district responsible for providing students placed in that facility an appropriate educational program in place of the district in which the facility is located. If a privately owned and operated residential facility does not enter into a contract under this paragraph, then paragraph (d) applies.

(f) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

Sec. 10. Minnesota Statutes 2022, section 125A.51, is amended to read:

**125A.51 PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.**

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides. If there is a dispute between school districts regarding residency, the district of residence is the district designated by the commissioner.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement. When a nonresident district makes an emergency placement without first consulting with the resident district, the resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the care and treatment program for the pupil. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the instruction at a school within the district of residence; at the pupil's residence; through an authorized online learning program provided by the pupil's resident district, district of open enrollment under section 124D.03, or charter school of enrollment under section 124E.11 if the child, or the child's parent or guardian for a pupil under the age of 18, agrees to that form of instruction; or, in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the Professional Educator Licensing and Standards Board.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. If a pupil's district of residence, district of open enrollment under section 124D.03, or charter

school of enrollment under section 124E.11 is authorized to provide online learning instruction under state statutes, the district in which the pupil is placed may utilize that state-approved online learning program in fulfilling its responsibility to provide instruction under this section if the child, or the child's parent or guardian for a pupil under the age of 18, agrees to that form of instruction.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 120A.20, subdivision 2, paragraph (b), shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the Professional Educator Licensing and Standards Board. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

Sec. 11. Minnesota Statutes 2022, section 125A.515, subdivision 3, is amended to read:

Subd. 3. **Responsibilities for providing education.** (a) The district in which the children's residential facility is located must provide education services, including special education if eligible, to all students placed in a facility. If a child's district of residence, district of open enrollment under section 124D.03, or charter school of enrollment under section 124E.11 is authorized to provide online learning instruction under state statutes, the district in which the children's residential facility is located may utilize that state-approved online learning program in fulfilling its education services responsibility under this section if the child, or the child's parent or guardian for a pupil under the age of 18, agrees to that form of instruction.

(b) For education programs operated by the Department of Corrections, the providing district shall be the Department of Corrections. For students remanded to the commissioner of corrections, the providing and resident district shall be the Department of Corrections.

Sec. 12. Minnesota Statutes 2022, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. **Special education aid.** (a) For fiscal year 2020 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a, the district's cross subsidy reduction aid under subdivision 2e, special education homeless pupil aid under subdivision 2f, and the district's excess cost aid under section 125A.79, subdivision 5.

(b) Notwithstanding paragraph (a), for fiscal year 2020, the special education aid for a school district, excluding the cross subsidy reduction aid under subdivision 2e, and excluding special education homeless pupil aid under subdivision 2f, must not exceed the greater of:

(i) the sum of 56 percent of the district's nonfederal special education expenditures plus 100 percent of the district's cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4), plus the adjustment under sections 125A.11 and 127A.47, subdivision 7; or

(ii) the sum of: (A) the product of the district's average daily membership served and the special education aid increase limit and (B) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(c) Notwithstanding paragraph (a), for fiscal year ~~2020~~ 2024 and later the special education aid, excluding the cross subsidy reduction aid under subdivision ~~2e~~, excluding special education homeless pupil aid under subdivision 2f, for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the sum of 90 percent for fiscal year 2020, 85 percent for fiscal year 2021, 80 percent for fiscal year 2022, and 75 percent for fiscal year 2023 and later of the district's nonfederal special education expenditures plus 100 percent of the district's cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4), plus the adjustment under sections 125A.11 and 127A.47, subdivision 7, for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the minimum aid adjustment factor.

(d) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative. The department shall establish procedures to adjust the prior year data and fiscal year 2016 old formula aid used in calculating special education aid to exclude costs that have been eliminated for districts where programs have closed or where a substantial portion of the program has been transferred to a cooperative unit.

(e) The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

Sec. 13. Minnesota Statutes 2022, section 125A.76, subdivision 2e, is amended to read:

Subd. 2e. **Cross subsidy reduction aid.** (a) A school district's annual cross subsidy reduction aid equals the school district's initial special education cross subsidy for the previous fiscal year times the cross subsidy aid factor for that fiscal year.

(b) The cross subsidy aid factor equals ~~2.6 percent for fiscal year 2020 and~~ 6.43 percent for fiscal year ~~2021~~ 2023; 44 percent for fiscal years 2024, 2025, and 2026; and 50 percent for fiscal year 2027 and later.

Sec. 14. Minnesota Statutes 2022, section 125A.76, is amended by adding a subdivision to read:

Subd. 2f. **Special education homeless pupil aid.** (a) For fiscal year 2024 and later, special education homeless pupil aid must be paid to a school district that is funded for that year based on the district's fiscal year 2016 expenditures calculated under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the minimum aid adjustment factor.

(b) Special education homeless pupil aid equals the greater of zero, or a district's prior year transportation costs under section 123B.92, subdivision 1, paragraph (b), clause (4), items (ii) and (vii), and the additional cost of transporting a student in a shelter care facility as defined in section 260C.007, subdivision 30, a homeless student in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; minus the fiscal year 2016 costs associated with transportation costs under section 123B.92, subdivision 1, paragraph (b), clause (4), items (ii) and (vii), and the additional cost of transporting a student in a shelter care facility as defined in section 260C.007, subdivision 30, a homeless student in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin, but only through the end of the academic year; adjusted by the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the minimum aid adjustment factor.

Sec. 15. **[125A.81] SPECIAL EDUCATION SEPARATE SITES AND PROGRAMS AID.**

Subdivision 1. **Definition.** For purposes of this section, "special education separate site and program" means a public separate day school facility attended by students with disabilities for 50 percent or more of their school day.

Subd. 2. **Eligibility for special education separate sites and programs aid.** An education cooperative under section 471.59, education district under section 123A.15, service cooperative under section 123A.21, or intermediate school district under section 136D.01 qualifies for additional state funding to special education separate sites and programs for every kindergarten through grade 12 child with a disability, as defined in section 125A.02, served in a special education separate site or program as defined in subdivision 1.

Subd. 3. **Uses of special education separate sites and programs aid.** Additional state funding to special education separate sites and programs under this section may be used for the same purposes as are permitted for state special education aid under section 125A.76.

Subd. 4. **Special education separate sites and programs aid.** For fiscal year 2024 and later, additional state funding to special education separate sites and programs equals \$1,689 times the adjusted kindergarten through grade 12 pupil units served in special education separate sites and programs under subdivision 1.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 16. Minnesota Statutes 2022, section 256B.0625, subdivision 26, is amended to read:

Subd. 26. **Special education services.** (a) Medical assistance covers evaluations necessary in making a determination for eligibility for individualized education program and individualized family service plan services and for medical services identified in a recipient's individualized education program and individualized family service plan and covered under the medical assistance state plan. Covered services include occupational therapy, physical therapy, speech-language therapy, clinical psychological services, nursing services, school psychological services, school social work services, personal care assistants serving as management aides, assistive technology devices, transportation services, health assessments, and other services covered under the medical assistance state plan. Mental health services eligible for medical assistance reimbursement must be provided or coordinated through a children's mental health collaborative where a collaborative exists if the child is included in the collaborative operational target population. The provision or coordination of services does not require that the individualized education program be developed by the collaborative.

The services may be provided by a Minnesota school district that is enrolled as a medical assistance provider or its subcontractor, and only if the services meet all the requirements otherwise applicable if the service had been provided by a provider other than a school district, in the following areas: medical necessity; physician's, advanced practice registered nurse's, or physician assistant's orders; documentation; personnel qualifications; and prior authorization requirements. The nonfederal share of costs for services provided under this subdivision is the responsibility of the local school district as provided in section 125A.74. Services listed in a child's individualized education program are eligible for medical assistance reimbursement only if those services meet criteria for federal financial participation under the Medicaid program.

(b) Approval of health-related services for inclusion in the individualized education program does not require prior authorization for purposes of reimbursement under this chapter. The commissioner may require physician, advanced practice registered nurse, or physician assistant review and approval of the plan not more than once annually or upon any modification of the individualized education program that reflects a change in health-related services.

(c) Services of a speech-language pathologist provided under this section are covered notwithstanding Minnesota Rules, part 9505.0390, subpart 1, item L, if the person:

(1) holds a masters degree in speech-language pathology;

(2) is licensed by the Professional Educator Licensing and Standards Board as an educational speech-language pathologist; and

(3) either has a certificate of clinical competence from the American Speech and Hearing Association, has completed the equivalent educational requirements and work experience necessary for the certificate or has completed the academic program and is acquiring supervised work experience to qualify for the certificate.

(d) Medical assistance coverage for medically necessary services provided under other subdivisions in this section may not be denied solely on the basis that the same or similar services are covered under this subdivision.

(e) The commissioner shall develop and implement package rates, bundled rates, or per diem rates for special education services under which separately covered services are grouped together and billed as a unit in order to reduce administrative complexity.

(f) The commissioner shall develop a cost-based payment structure for payment of these services. Only costs reported through the designated Minnesota Department of Education data systems in distinct service categories qualify for inclusion in the cost-based payment structure. The commissioner shall reimburse claims submitted based on an interim rate, and shall settle at a final rate once the department has determined it. The commissioner shall notify the school district of the final rate. The school district has 60 days to appeal the final rate. To appeal the final rate, the school district shall file a written appeal request to the commissioner within 60 days of the date the final rate determination was mailed. The appeal request shall specify (1) the disputed items and (2) the name and address of the person to contact regarding the appeal.

(g) Effective July 1, 2000, medical assistance services provided under an individualized education program or an individual family service plan by local school districts shall not count against medical assistance authorization thresholds for that child.

(h) Nursing services as defined in section 148.171, subdivision 15, and provided as an individualized education program health-related service, are eligible for medical assistance payment if they are otherwise a covered service under the medical assistance program. Medical assistance covers the administration of prescription medications by a licensed nurse who is employed by or under contract with a school district when the administration of medications is identified in the child's individualized education program. The simple administration of medications alone is not covered under medical assistance when administered by a provider other than a school district or when it is not identified in the child's individualized education program.

(i) School social work services provided by a mental health professional, as defined in section 245I.04, subdivision 2, or a clinical trainee as defined in section 245I.04, subdivision 6, under the supervision of a mental health professional, or mental health practitioner, as defined in section 245I.04, subdivision 4, under the supervision of a mental health professional, are eligible for medical assistance payment. A mental health practitioner performing school social work services under this section must provide services within the mental health practitioner's licensure scope of practice, if applicable, and within the mental health practitioner scope of practice under section 245I.04, subdivision 5.

(j) Notwithstanding section 245I.10, subdivision 2, a special education evaluation, individualized education program, or individual family service plan may be used to determine medical necessity and eligibility for school social work services under paragraph (i) instead of a diagnostic assessment.

(k) A school social worker or school providing mental health services under paragraph (i) is not required to be certified to provide children's therapeutic services and supports under section 256B.0943.

(1) Covered mental health services provided by a school social worker under paragraph (i) include but are not limited to:

- (1) administering and reporting standardized measures;
- (2) care coordination;
- (3) children's mental health crisis assistance, planning, and response services;
- (4) children's mental health clinical care consultation;
- (5) dialectical behavioral therapy for adolescents;
- (6) direction of mental health behavioral aides;
- (7) family psychoeducation;
- (8) individual, family, and group psychotherapy;
- (9) mental health behavioral aide services;
- (10) skills training; and
- (11) treatment plan development and review.

**EFFECTIVE DATE.** This section is effective January 1, 2024, or upon federal approval, whichever is later. The commissioner shall notify the revisor of statutes when federal approval has been obtained.

Sec. 17. **SPECIFIC LEARNING DISABILITY; RULEMAKING.**

(a) The commissioner of education must begin the rulemaking process to amend Minnesota Rules, part 3525.1341, and establish a stakeholder workgroup to review current specific learning disabilities criteria by December 31, 2023. By June 30, 2024, the workgroup must make recommendations aligned with related state and federal requirements, including:

- (1) removing discrepancy from criteria;
- (2) developing a plan to operationalize changes to criteria to align with current best practices and address concerns of multiple stakeholder groups, including but not limited to administrators, parents, educators, researchers, related services staff, advocates, lawyers, people from Black, Indigenous, and People of Color communities, and immigrant groups;
- (3) providing definitions and clarification of terms and procedures within existing requirements;
- (4) establishing the accountability process, including procedures and targets, for districts and cooperatives to use in evaluating their progress toward implementation of the amended rule; and
- (5) developing an evaluation framework for measuring intended and unintended results of amended criteria. Intended and unintended results may include overidentification and underidentification of particular student groups, delays to referral and identification, transitioning

from developmental delay to specific learning disability, consistency of identification across districts and the state, adding unnecessary paperwork, limiting team decision making, or limiting access and progress with intensive and individualized special education support.

(b) Following the development of recommendations from the stakeholder workgroup, the commissioner must proceed with the rulemaking process and recommended alignment with other existing state and federal law.

(c) Concurrent with rulemaking, the commissioner must establish technical assistance and training capacity on the amended criteria, and training and capacity building must begin upon final approval of the amended rule.

(d) The amended rule must go into full effect no later than five years after the proposed revised rules are approved by the administrative law judge.

Sec. 18. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Aid for children with disabilities.** (a) For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	<u>1,674,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>1,888,000</u>	<u>.....</u>	<u>2025</u>

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

Subd. 3. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$	<u>26,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>27,000</u>	<u>.....</u>	<u>2025</u>

Subd. 4. **Special education; regular.** (a) For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>2,271,000,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>2,434,933,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$229,860,000 for 2023 and \$2,041,140,000 for 2024.

(c) The 2025 appropriation includes \$287,333,000 for 2024 and \$2,147,600,000 for 2025.

Subd. 5. **Special education out-of-state tuition.** For special education out-of-state tuition under Minnesota Statutes, section 125A.79, subdivision 8:

\$	<u>250,000</u>	<u>.....</u>	<u>2024</u>
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\$            250,000    .....    2025

Subd. 6. **Special education separate sites and programs.** (a) For aid for special education separate sites and programs under Minnesota Statutes, section 125A.81, subdivision 4:

\$            4,378,000    .....    2024

\$            5,083,000    .....    2025

(b) The 2024 appropriation includes \$0 for 2023 and \$4,378,000 for 2024.

(c) The 2025 appropriation includes \$486,000 for 2024 and \$4,597,000 for 2025.

Subd. 7. **Travel for home-based services.** (a) For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$            334,000    .....    2024

\$            348,000    .....    2025

(b) The 2024 appropriation includes \$32,000 for 2023 and \$302,000 for 2024.

(c) The 2025 appropriation includes \$33,000 for 2024 and \$315,000 for 2025.

## ARTICLE 8

### FACILITIES

Section 1. Minnesota Statutes 2022, section 123B.595, subdivision 1, is amended to read:

Subdivision 1. **Long-term facilities maintenance revenue.** ~~(a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten~~

~~instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(e) For fiscal year 2019 and later, (a) Long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(d) (b) Notwithstanding paragraphs paragraph (a), (b), and (c), a school district that qualified for eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2010 remains eligible for funding under this section as a district that would have qualified for eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2017 and later.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 2. Minnesota Statutes 2022, section 123B.595, subdivision 2, is amended to read:

Subd. 2. **Long-term facilities maintenance revenue for a charter school.** ~~(a) For fiscal year 2017 only, long-term facilities maintenance revenue for a charter school equals \$34 times the adjusted pupil units.~~

~~(b) For fiscal year 2018 only, long-term facilities maintenance revenue for a charter school equals \$85 times the adjusted pupil units.~~

~~(c) For fiscal year 2019 and later, Long-term facilities maintenance revenue for a charter school equals \$132 times the adjusted pupil units.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 3. Minnesota Statutes 2022, section 123B.595, subdivision 3, is amended to read:

Subd. 3. **Intermediate districts and other cooperative units.** ~~(a) Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative units unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district or cooperative unit, or joint powers district. The cooperative unit or joint powers~~

district may issue bonds to finance the project costs or levy for the costs; using long-term maintenance revenue transferred from member districts to make debt service payments or pay project costs or, for leased facilities, pay the portion of lease costs attributable to the amortized cost of long-term facilities maintenance projects completed by the landlord. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

(b) The resolution adopted under paragraph (a) may specify which member districts will share the project costs under this subdivision, except that debt service payments for bonds issued by a cooperative unit or joint powers district to finance long-term maintenance project costs must be the responsibility of all member districts.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 4. Minnesota Statutes 2022, section 123B.595, subdivision 4, is amended to read:

Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management and remediation of lead hazards. For planning purposes, the plan must also address provisions for providing a gender-neutral single-user restroom at each school site.

(b) The district must annually update the plan, submit the plan to the commissioner for approval by July 31, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 5. Minnesota Statutes 2022, section 123B.595, subdivision 7, is amended to read:

Subd. 7. **Long-term facilities maintenance equalization revenue.** ~~(a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.~~

~~(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.~~

~~(c) For fiscal year 2019 and later, (a)~~ A district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

~~(d)~~ (b) Notwithstanding ~~paragraphs~~ paragraph (a) ~~to (c)~~, a district's long-term facilities maintenance equalization revenue must not be less than the lesser of the district's long-term facilities

maintenance revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 6. Minnesota Statutes 2022, section 123B.595, subdivision 8, is amended to read:

Subd. 8. **Long-term facilities maintenance equalized levy.** (a) ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance equalization revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance equalization revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(b) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 7. Minnesota Statutes 2022, section 123B.595, subdivision 8a, is amended to read:

Subd. 8a. **Long-term facilities maintenance unequalized levy.** ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance unequalized levy equals the difference between the district's revenue under subdivision 1 and the district's equalization revenue under subdivision 7.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 8. Minnesota Statutes 2022, section 123B.595, subdivision 9, is amended to read:

Subd. 9. **Long-term facilities maintenance equalized aid.** ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance equalization revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual equalized amount levied to the permitted equalized levy.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 9. Minnesota Statutes 2022, section 123B.595, subdivision 10, is amended to read:

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

(1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;

(2) increasing accessibility of school facilities;

(3) health and safety capital projects under section 123B.57; ~~or~~

(4) remodeling or constructing a gender-neutral single-user restroom at each school site; or

~~(4)~~ (5) by board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under subdivision 5.

(b) A charter school may use revenue under this section for any purpose related to the school.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 10. Minnesota Statutes 2022, section 123B.595, subdivision 11, is amended to read:

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision 10, long-term facilities maintenance revenue may not be used:

(1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms, except for the costs associated with constructing or remodeling existing facilities to include at least one gender-neutral single-user restroom authorized under subdivision 10;

(2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration, or for a purpose unrelated to elementary and secondary education; or

(4) for violence prevention and facility security, ergonomics, or emergency communication devices.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 11. Minnesota Statutes 2022, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **Information required.** A school board proposing to construct, expand, or remodel a facility that requires a review and comment under subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, the process used to determine the deficiencies, a list of those

deficiencies that will and will not be addressed by the proposed project, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

(5) a description of the project's plans for gender-neutral single-user restrooms, locker room privacy stalls, or other spaces with privacy features, including single-user shower stalls, changing stalls, or other single-user facilities;

~~(5)~~ (6) a specification of the source of financing the project, including applicable statutory citations; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation; and

~~(6)~~ (7) documents obligating the school district and contractors to comply with items (i) to (vii) in planning and executing the project:

(i) section 471.345 governing municipal contracts;

(ii) sustainable design;

(iii) school facility commissioning under section 123B.72 certifying the plans and designs for the heating, ventilating, air conditioning, and air filtration for an extensively renovated or new facility meet or exceed current code standards, including the ASHRAE air filtration standard 52.1;

(iv) American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools on maximum background noise level and reverberation times;

(v) State Fire Code;

(vi) chapter 326B governing building codes; and

(vii) consultation with affected government units about the impact of the project on utilities, roads, sewers, sidewalks, retention ponds, school bus and automobile traffic, access to mass transit, and safe access for pedestrians and cyclists.

**EFFECTIVE DATE.** This section is effective for review and comments submitted on or after July 1, 2023.

Sec. 12. Minnesota Statutes 2022, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers and gender-neutral single-user restrooms, locker room privacy stalls, or other spaces with privacy features, including single-user shower stalls, changing stalls, or other single-user facilities;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to ~~298.298~~ 298.297;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related hardware, software, and annual licensing fees, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks as defined in section 123B.41, subdivision 2;

(21) to purchase new and replacement library media resources or technology;

(22) to lease or purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individualized education programs; and

(iii) other classroom information management needs;

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software; and

(25) to pay the costs directly associated with closing a school facility, including moving and storage costs.

**EFFECTIVE DATE.** This section is effective for fiscal year 2024 and later.

Sec. 13. Minnesota Statutes 2022, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used

primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$212 times the adjusted pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
- (2) the purpose of the increased levy is in the long-term public interest;
- (3) the purpose of the increased levy promotes colocation of government services; and
- (4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district or other cooperative unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59 may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs of the intermediate school district or other cooperative unit under section 123A.24, subdivision 2, or joint powers district under section 471.59. This authority must not exceed \$65 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. The intermediate school district, other cooperative unit, or joint powers district may specify which member districts will levy for lease costs under this paragraph.

~~(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within~~

~~the total levy limit in paragraph (c). The total levy authority under this paragraph shall not exceed \$632,000.~~

~~(i)~~ (i) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

~~(j)~~ (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the district's proportionate share of deferred maintenance expenditures for a district-owned building or site leased to a cooperative unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59 for any instructional purposes or for school storage.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 14. Minnesota Statutes 2022, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, Independent School District No. 709, Duluth, or Independent School District No. 535, Rochester, if the district's desegregation plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) other districts eligible for revenue under section 124D.862 if the facility acquired under this subdivision is to be primarily used for a joint program for interdistrict desegregation and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

(g) Projects funded under this subdivision are subject to review and comment under section 123B.71, subdivision 8, in the same manner as other school construction projects.

Sec. 15. Minnesota Statutes 2022, section 126C.44, is amended to read:

**126C.44 SAFE SCHOOLS LEVY REVENUE.**

Subdivision 1. Safe schools revenue for school districts. ~~(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$36 multiplied by the district's adjusted pupil units for the school year.~~ A school district's safe schools revenue equals its safe schools levy.

Subd. 2. School district safe schools levy. A school district's safe schools levy equals \$36 times the district's adjusted pupil units for the school year.

Subd. 3. Safe schools revenue for intermediate school districts. A school district that is a member of an intermediate school district may include in its levy authority under this section the costs associated with safe schools activities authorized under this section for intermediate school district programs. This authority must not exceed the product of \$15 and the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this subdivision must be transferred to the intermediate school district.

Subd. 4. Use of safe schools revenue. ~~The proceeds of the levy~~ Safe schools revenue must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and substance use disorder counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; ~~or~~

(9) to pay costs for collocating and collaborating with mental health professionals who are not district employees or contractors; or

(10) to pay for the costs of cybersecurity measures, including updating computer hardware and software, other systems upgrades, and cybersecurity insurance costs.

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

~~(c) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$15 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.~~

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

**Sec. 16. LEASE LEVY FOR TRANSPORTATION HUB FOR EASTERN CARVER COUNTY SCHOOL DISTRICT.**

Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 112, Eastern Carver County Schools, may lease a transportation hub under Minnesota Statutes, section 126C.40, subdivision 1, if the district demonstrates to the satisfaction of the commissioner of education that the transportation hub will result in significant financial savings for the school district. Levy authority under this section must not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxes payable in 2024 and later.

**Sec. 17. LONG-TERM FACILITIES MAINTENANCE REVENUE ADJUSTMENT.**

Subdivision 1. **Eligibility.** A school board that purchases a nonschool facility and converts that facility to a school building may document to the commissioner of education, in the form and manner specified by the commissioner, that the purchase and subsequent remodeling of the facility is less

expensive than constructing a new facility for the same space and is eligible for an adjustment to its long-term facilities maintenance revenue according to subdivision 2.

Subd. 2. **Inclusion in plan and revenue.** Notwithstanding Minnesota Statutes, section 123B.595, or any other law to the contrary, an eligible school district under subdivision 1 may include in its long-term facilities maintenance ten-year plan any heating, ventilation, and air conditioning projects necessary to improve air handling performance sufficient to satisfy the requirements for a certificate of occupancy for the space for its intended use as a school facility. The Department of Education must adjust an eligible school district's long-term facilities maintenance revenue to include these costs.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to a nonschool facility purchased between January 1, 2019, and June 30, 2023.

Sec. 18. **FUND TRANSFER; MOORHEAD AREA PUBLIC SCHOOLS.**

Notwithstanding Minnesota Statutes, section 123B.595, subdivisions 10 and 11, 123B.79, or 123B.80, on June 30, 2023, Independent School District No. 152, Moorhead Area Public Schools, may permanently transfer up to \$5,000,000 from the long term facilities maintenance reserve account in the general fund to the operating capital account in the general fund. Transferred funds must be used to pay for increased costs of constructing, furnishing, and equipping the new Moorhead High School facility.

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

Sec. 19. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Building and cybersecurity grant program.** (a) To provide grants to school districts and charter schools to improve building security and cybersecurity:

\$	24,332,000	.....	2024
\$	0	.....	2025

(b) A cooperative unit, school district, or charter school may apply for a grant in the form and manner specified by the commissioner.

(c) Funds may be used for security-related facility improvements, cybersecurity insurance premiums, and associated costs.

(d) Up to \$100,000 is available for grant administration and monitoring.

(e) This is a onetime appropriation and is available until June 30, 2027.

Subd. 3. **Debt service equalization aid.** (a) For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

\$	<u>24,511,000</u>	.....	<u>2024</u>
\$	<u>21,351,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$2,424,000 for 2023 and \$22,087,000 for 2024.

(c) The 2025 appropriation includes \$2,454,000 for 2024 and \$18,897,000 for 2025.

Subd. 4. **Equity in telecommunications access.** (a) For equity in telecommunications access:

\$	<u>3,750,000</u>	.....	<u>2024</u>
\$	<u>3,750,000</u>	.....	<u>2025</u>

(b) If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2024 and 2025 shall be prorated.

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

Subd. 5. **Grants for gender-neutral single-user restrooms.** (a) For grants to school districts for remodeling, constructing, or repurposing space for gender-neutral single-user restrooms:

\$	<u>1,000,000</u>	.....	<u>2024</u>
\$	<u>1,000,000</u>	.....	<u>2025</u>

(b) A school district or a cooperative unit under Minnesota Statutes, section 123A.24, subdivision 2, may apply for a grant of not more than \$75,000 per site under this subdivision in the form and manner specified by the commissioner. The commissioner must award at least one grant under this subdivision to Independent School District No. 709, Duluth, for a demonstration grant for a project awaiting construction.

(c) The commissioner must ensure that grants are awarded to schools to reflect the geographic diversity of the state.

(d) Up to \$75,000 each year is available for grant administration and monitoring.

(e) By February 1 of each year, the commissioner must annually report to the committees of the legislature with jurisdiction over education on the number of grants that were awarded each year and the number of grant applications that were unfunded during that year.

Subd. 6. **Long-term facilities maintenance equalized aid.** (a) For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

\$	<u>108,045,000</u>	.....	<u>2024</u>
\$	<u>107,894,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$10,821,000 for 2023 and \$97,224,000 for 2024.

(c) The 2025 appropriation includes \$10,803,000 for 2024 and \$97,091,000 for 2025.

## ARTICLE 9

## NUTRITION AND LIBRARIES

Section 1. Minnesota Statutes 2022, section 124D.111, subdivision 1a, as amended by Laws 2023, chapter 18, section 1, is amended to read:

Subd. 1a. **School lunch aid amounts.** Each school year, the state must pay participants in the national school lunch program either:

(1) the amount of 12.5 cents for each full paid and free student lunch and 52.5 cents for each reduced-price lunch served to students; or

(2) if the school participates in the free school meals program under subdivision 1c, the sum of: (i) 12.5 cents for each full paid, reduced-price, and free student lunch; and (ii) the amount specified in subdivision 1d.

**EFFECTIVE DATE.** This section is effective for fiscal year 2024 and later.

Sec. 2. Minnesota Statutes 2022, section 124D.111, subdivision 2a, is amended to read:

Subd. 2a. **Federal child and adult care food program and federal summer food service program; criteria and notice.** (a) The commissioner must post on the department's website eligibility criteria and application information for nonprofit organizations interested in applying to the commissioner for approval as a multisite sponsoring organization under the federal child and adult care food program and federal summer food service program. The posted criteria and information must inform interested nonprofit organizations about:

(1) the criteria the commissioner uses to approve or disapprove an application, including how an applicant demonstrates financial viability for the Minnesota program, among other criteria;

(2) the commissioner's process and time line for notifying an applicant when its application is approved or disapproved and, if the application is disapproved, the explanation the commissioner provides to the applicant; and

(3) any appeal or other recourse available to a disapproved applicant.

(b) The commissioner must evaluate financial eligibility as part of the application process. An organization applying to be a prospective sponsor for the federal child and adult food care program or the federal summer food service program must provide documentation of financial viability as an organization. Documentation must include:

(1) evidence that the organization has operated for at least one year and has filed at least one tax return;

(2) the most recent tax return submitted by the organization and corresponding forms and financial statements;

(3) a profit and loss statement and balance sheet or similar financial information; and

(4) evidence that at least ten percent of the organization's operating revenue comes from sources other than the United States Department of Agriculture child nutrition program and that the organization has additional funds or a performance bond available to cover at least one month of reimbursement claims.

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

Sec. 3. Minnesota Statutes 2022, section 124D.111, subdivision 5, is amended to read:

Subd. 5. **Respectful treatment.** (a) The participant must also provide meals to students in a respectful manner according to the policy adopted under subdivision 1. The participant must ensure that any reminders for payment of outstanding student meal balances do not demean or stigmatize any child participating in the school lunch program, including but not limited to dumping meals; withdrawing a meal that has been served; announcing or listing students' names publicly; providing alternative meals not specifically related to dietary needs; providing nonreimbursable meals; or affixing stickers, stamps, or pins. The participant must not impose any other restriction prohibited under section 123B.37 due to unpaid student meal balances. The participant must not limit a student's participation in any school activities, graduation ceremonies, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal balance.

(b) If the commissioner or the commissioner's designee determines a participant has violated the requirement to provide meals to participating students in a respectful manner, the commissioner or the commissioner's designee must send a letter of noncompliance to the participant. The participant is required to respond and, if applicable, remedy the practice within 60 days.

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

Sec. 4. Minnesota Statutes 2022, section 124D.1158, as amended by Laws 2023, chapter 18, section 2, is amended to read:

#### **124D.1158 SCHOOL BREAKFAST PROGRAM.**

Subdivision 1. **Purpose; eligibility.** (a) The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn.

(b) A school district, charter school, nonpublic school, or other participant in the federal school breakfast program may receive state breakfast aid.

(c) Schools shall encourage all children to eat a nutritious breakfast, either at home or at school, and shall work to eliminate barriers to breakfast participation at school such as inadequate facilities and transportation.

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school either:

(1) 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and \$1.30 for each fully paid breakfast served to a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151, early childhood

special education student participating in a program authorized under section 124D.151, or a kindergarten student; or

(2) if the school participates in the free school meals program under section 124D.111, subdivision 1c, state aid as provided in section 124D.111, subdivision 1d.

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades 1 to 12 who qualify for free or reduced-price meals and to all prekindergarten students enrolled in an approved voluntary prekindergarten program under section 124D.151, early childhood special education students participating in a program authorized under section 124D.151, and all kindergarten students.

Sec. 5. Minnesota Statutes 2022, section 124D.119, is amended to read:

**124D.119 SUMMER FOOD SERVICE REPLACEMENT AID PROGRAM AND CHILD AND ADULT CARE FOOD PROGRAM.**

Subdivision 1. **Summer Food Service Program replacement aid.** States State funds are available to compensate department-approved Summer Food Service Program sponsors. Reimbursement shall be made on December 15 based on total meals served by each sponsor from the end of the school year to the beginning of the next school year on a pro rata basis.

Subd. 2. **Child and Adult Care Food Program and Summer Food Service Program sponsor organizations.** Legally distinct Child and Adult Care Food Program and Summer Food Service Program sites may transfer sponsoring organizations no more than once per year, except under extenuating circumstances including termination of the sponsoring organization's agreement or other circumstances approved by the Department of Education.

Subd. 3. **Child and Adult Care Food Program training.** Prior to applying to sponsor a Child and Adult Care Food Program site, a nongovernmental organization applicant must provide documentation to the Department of Education verifying that staff members have completed program-specific training as designated by the commissioner.

Subd. 4. **Summer Food Service Program training.** Summer Food Service Program providers, including new applicants, must comply with all applicable federal training requirements for their staff.

Subd. 5. **Summer Food Service Program locations.** Consistent with Code of Federal Regulations, title 7, section 225.6(d)(1)(ii), the Department of Education must not approve a new Summer Food Service Program open site that is within a half-mile radius of an existing Summer Food Service Program open site. The department may approve a new Summer Food Service Program open site within a half-mile radius only if the new program will not be serving the same group of children for the same meal type or if there are safety issues that could present barriers to participation.

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

Sec. 6. **[124D.901] PUBLIC SCHOOL LIBRARIES AND MEDIA CENTERS.**

A school district or charter school library or school library media center provides equitable and free access to students, teachers, and administrators.

A school library or school library media center must have the following characteristics:

(1) ensures every student has equitable access to resources and is able to locate, access, and use resources that are organized and cataloged;

(2) has a collection development plan that includes but is not limited to materials selection and deselection, a challenged materials procedure, and an intellectual and academic freedom statement;

(3) is housed in a central location that provides an environment for expanded learning and supports a variety of student interests;

(4) has technology and Internet access; and

(5) is served by a licensed school library media specialist or licensed school librarian.

Sec. 7. Minnesota Statutes 2022, section 134.31, subdivision 1, is amended to read:

Subdivision 1. **Library service.** The state shall, as an integral part of its responsibility for public education, support the provision of library service for every ~~citizen~~ resident, the development of cooperative programs for the sharing of resources and services among all libraries, and the establishment of jointly operated library services at a single location where appropriate.

Sec. 8. Minnesota Statutes 2022, section 134.31, subdivision 4a, is amended to read:

Subd. 4a. **Services to people with visual and physical disabilities.** The Minnesota Department of Education shall provide specialized services to people with visual and physical disabilities through the Minnesota Braille and Talking Book Library under a cooperative plan with the National Library ~~Services~~ Service for the Blind and Physically Handicapped Print Disabled of the Library of Congress.

Sec. 9. Minnesota Statutes 2022, section 134.32, subdivision 4, is amended to read:

Subd. 4. **Special project grants.** It may provide special project grants to assist innovative and experimental library programs including, but not limited to, special services for American Indians and ~~the Spanish-speaking multilingual learners~~, delivery of library materials to homebound persons, other extensions of library services to persons without access to libraries and projects to strengthen and improve library services.

Sec. 10. Minnesota Statutes 2022, section 134.34, subdivision 1, is amended to read:

Subdivision 1. **Local support levels.** (a) Regional library basic system support aid shall be provided to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as \$7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to

one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city or county chooses to reduce its local support in accordance with subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for regional library basic system support aid. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

(d) The amounts required to be expended under this section are subject to the reduced maintenance of effort requirements under section 275.761.

Sec. 11. Minnesota Statutes 2022, section 134.355, subdivision 1, is amended to read:

Subdivision 1. **Appropriations.** (a) Basic system support aid and regional library telecommunications aid provide the appropriations for the basic regional library system.

(b) For fiscal year 2026 and later, basic system support aid equals the aid entitlement amount for the previous fiscal year times one plus the percent increase in the basic formula allowance under section 126C.10, subdivision 2, from the previous school year to the current school year.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2026 and later.

Sec. 12. Minnesota Statutes 2022, section 134.355, subdivision 5, is amended to read:

Subd. 5. **Base aid distribution.** ~~Five~~ Fifteen percent of the available aid funds shall be paid to each system as base aid for basic system services.

**EFFECTIVE DATE.** This section is effective for state aid for fiscal year 2024 and later.

Sec. 13. Minnesota Statutes 2022, section 134.355, subdivision 6, is amended to read:

Subd. 6. **Adjusted net tax capacity per capita distribution.** ~~Twenty-five~~ Fifteen percent of the available aid funds shall be distributed to regional public library systems based upon the adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the ~~second~~ third year preceding the fiscal year for which aid is provided. Each system's entitlement shall be calculated as follows:

~~(a)~~ (1) multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082<sub>2</sub>;

~~(b)~~ (2) add sufficient aid funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to ~~paragraph (a)~~ clause (1) to the amount of the county or participating portion of a county with the next highest value calculated according to ~~paragraph (a)~~ clause (1). Multiply the amount of the additional aid funds by the population of the county or participating portion of a county;

~~(c)~~ (3) continue the process described in ~~paragraph (b)~~ clause (2) by adding sufficient aid funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in ~~paragraph (a)~~ clause (1) to raise it and the amount of counties and participating portions of counties with lower values calculated in ~~paragraph (a)~~ clause (1) up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county; and

~~(d)~~ (4) if the point is reached using the process in ~~paragraphs (b) and (c)~~ clauses (2) and (3) at which the remaining aid funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received aid funds under the calculation in ~~paragraphs (b) and (c)~~ clauses (2) and (3).

EFFECTIVE DATE. This section is effective for state aid for fiscal year 2024 and later.

Sec. 14. Minnesota Statutes 2022, section 134.355, subdivision 7, is amended to read:

Subd. 7. **Population determination.** A regional public library system's population shall be determined according to must be calculated using the most recent estimate available under section 477A.011, subdivision 3, at the time the aid amounts are calculated, which must be by April 1 in the year the calculation is made.

EFFECTIVE DATE. This section is effective for state aid for fiscal year 2024 and later.

Sec. 15. [134.356] SCHOOL LIBRARY AID.

Subdivision 1. School library aid. For fiscal year 2024 and later, school library aid for a district equals the greater of \$16.11 times the district's adjusted pupil units for the school year or \$40,000. For fiscal year 2024 and later, school library aid for a charter school equals the greater of \$16.11 times the charter school's adjusted pupil units for the school year or \$20,000.

Subd. 2. Uses of school library aid. School library aid must be reserved and used for directly funding the costs of the following purposes within a library:

(1) the salaries and benefits of a school library media specialist;

(2) electronic, computer, and audiovisual equipment;

(3) information technology infrastructure and digital tools;

(4) electronic and material resources; or

(5) furniture, equipment, or supplies.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 16. Laws 2023, chapter 18, section 4, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, including the amounts for the free school meals program:

	<u>190,863,000</u>		
\$	<u>190,897,000</u>	.....	2024
	<u>197,902,000</u>		
\$	<u>197,936,000</u>	.....	2025

Sec. 17. Laws 2023, chapter 18, section 4, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For school breakfast aid under Minnesota Statutes, section 124D.1158:

	<u>25,731,000</u>		
\$	<u>25,912,000</u>	.....	2024
	<u>26,538,000</u>		
\$	<u>26,719,000</u>	.....	2025

Sec. 18. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. **Basic system support.** (a) For basic system support aid under Minnesota Statutes, section 134.355:

<u>\$</u>	<u>17,570,000</u>	.....	<u>2024</u>
<u>\$</u>	<u>17,570,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$1,357,000 for 2023 and \$16,213,000 for 2024.

(c) The 2025 appropriation includes \$1,801,000 for 2024 and \$15,769,000 for 2025.

Subd. 3. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

<u>\$</u>	<u>900,000</u>	.....	<u>2024</u>
<u>\$</u>	<u>900,000</u>	.....	<u>2025</u>

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	<u>659,000</u>	.....	<u>2024</u>
\$	<u>659,000</u>	.....	<u>2025</u>

Subd. 5. **Licensed library media specialists.** (a) For aid to multicounty, multitype library systems to increase the number of licensed library media specialists:

\$	<u>1,000,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) The aid awarded under this subdivision must be used for activities associated with increasing the number of licensed library media specialists, including but not limited to conducting a census of licensed library media specialists currently working in Minnesota schools, conducting a needs-based assessment to identify gaps in licensed library media specialist services, providing professional development opportunities for licensed library media specialists, and providing tuition support to candidates seeking to attain school library media specialist licensure.

(c) This is a onetime appropriation.

Subd. 6. **Multicounty, multitype library systems.** (a) For aid under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	<u>2,000,000</u>	.....	<u>2024</u>
\$	<u>2,000,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$130,000 for 2023 and \$1,870,000 for 2024.

(c) The 2025 appropriation includes \$208,000 for 2024 and \$1,792,000 for 2025.

Subd. 7. **Regional library telecommunications.** (a) For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	<u>2,300,000</u>	.....	<u>2024</u>
\$	<u>2,300,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$230,000 for 2023 and \$2,070,000 for 2024.

(c) The 2025 appropriation includes \$230,000 for 2024 and \$2,070,000 for 2025.

Subd. 8. **School library aid.** (a) For school library aid under Minnesota Statutes, section 134.356:

\$	<u>21,435,000</u>	.....	<u>2024</u>
\$	<u>23,799,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$0 for 2023 and \$21,435,000 for 2024.

(c) The 2025 appropriation includes \$2,382,000 for 2024 and \$21,417,000 for 2025.

Subd. 9. **Summer school food service replacement.** For summer school food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$</u>	<u>150,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>150,000</u>	<u>.....</u>	<u>2025</u>

Sec. 19. **REVISOR INSTRUCTION.**

The revisor of statutes shall replace the terms "free lunch," "reduced price lunch," "reduced-price lunch," and "free or reduced price lunch" with "free meals," "reduced-price meals," and "free or reduced-price meals" wherever they appear in Minnesota Statutes when used in context with the national school lunch and breakfast programs.

## ARTICLE 10

### EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2022, section 124D.151, subdivision 6, is amended to read:

Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

(b) In reviewing applications under subdivision 5, the commissioner must limit the total number of participants in the voluntary prekindergarten and school readiness plus programs under Laws 2017, First Special Session chapter 5, article 8, section 9, to not more than 7,160 participants for fiscal years ~~2019, 2020, 2021, 2022, and 2023,~~ and 3,160 participants for fiscal years ~~2024 and later~~ 2023, 2024, and 2025, and 12,360 participants for fiscal year 2026 and later.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 2. Minnesota Statutes 2022, section 126C.05, subdivision 3, as amended by Laws 2023, chapter 18, section 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

~~(e) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten seats discontinued in fiscal year 2024 due to the reduction in the participation limit under section 124D.151, subdivision 6, those discontinued seats must not be used to calculate compensation revenue pupil units for fiscal year 2024.~~

~~(e)~~ (e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

~~(f)~~ (f) Notwithstanding paragraphs (a) to ~~(f)~~ (e), for revenue in fiscal year 2025 only, the compensation revenue pupil units for each building in a district equals the greater of the building's actual compensation revenue pupil units computed according to paragraphs (a) to ~~(f)~~ (e) for revenue in fiscal year 2025, or the building's actual compensation revenue pupil units computed according to paragraphs (a) to ~~(f)~~ (e) for revenue in fiscal year 2024.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 3. Minnesota Statutes 2022, section 126C.10, subdivision 2d, is amended to read:

Subd. 2d. **Declining enrollment revenue.** ~~(a)~~ A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

~~(b) Notwithstanding paragraph (a), for fiscal year 2024 only, prekindergarten pupil units under section 126C.05, subdivision 1, paragraph (d), must be excluded from the calculation of declining enrollment revenue.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 4. **APPROPRIATION; VOLUNTARY PREKINDERGARTEN RESERVE.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education in the fiscal years designated.

Subd. 2. **Voluntary prekindergarten reserve.** (a) The commissioner must reserve the following amount for future allocation towards 3,000 voluntary prekindergarten seats:

\$	0	.....	2024
\$	50,000,000	.....	2025

(b) The 2024 legislature must provide direction to the commissioner on allocating the money reserved under paragraph (a).

(c) This is a onetime appropriation and is available until June 30, 2026.

## ARTICLE 11

### COMMUNITY EDUCATION AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2022, section 124D.20, subdivision 3, is amended to read:

Subd. 3. **General community education revenue.** The general community education revenue for a district equals ~~\$5.23 for fiscal years 2005 and 2006 and~~ \$5.42 for fiscal year 2007 through fiscal year 2024 and \$6.35 for fiscal year 2025 and later, times the greater of 1,335 or the population of the district. The population of the district is determined according to section 275.14.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 2. Minnesota Statutes 2022, section 124D.20, subdivision 5, is amended to read:

Subd. 5. **Total community education levy.** To obtain total community education revenue, a district may levy the amount raised by a maximum tax rate of 0.94 percent through fiscal year 2024, 0.375 percent in fiscal year 2025, 0.3298 percent in fiscal year 2026, and 0.3128 percent in fiscal year 2027 and later, times the adjusted net tax capacity of the district. If the amount of the total community education levy would exceed the total community education revenue, the total community education levy shall be determined according to subdivision 6.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 3. Minnesota Statutes 2022, section 124D.2211, is amended to read:

#### **124D.2211 AFTER-SCHOOL COMMUNITY LEARNING PROGRAMS.**

Subdivision 1. **Establishment.** A competitive statewide after-school community learning grant program is established to provide grants to ~~community or nonprofit organizations, political subdivisions, for-profit or nonprofit child care centers, or school-based programs that serve~~ support eligible organizations to provide culturally affirming and enriching after-school and summer learning programs for school-age youth after school or during nonschool hours. Grants must be used to offer a broad array of academic enrichment activities that promote positive after-school and summer learning activities, including art, music, community engagement, literacy, science, technology, engineering, math, health, and recreation programs. The commissioner shall develop criteria for

after-school community learning programs that promote partnerships and active collaboration with the schools that participating students attend. The commissioner may award grants under this section to community or nonprofit organizations, culturally specific organizations, American Indian organizations, Tribal Nations, political subdivisions, public libraries, or school-based programs that serve youth after school, during the summer, or during nonschool hours.

Subd. 2. **Program outcomes Objectives.** ~~The expected outcomes objectives~~ of the after-school community learning programs are to ~~increase~~:

- ~~(1) school connectedness of participants;~~
- ~~(2) academic achievement of participating students in one or more core academic areas;~~
- ~~(3) the capacity of participants to become productive adults; and~~
- ~~(4) prevent truancy from school and prevent juvenile crime.~~

(1) increase access to comprehensive and culturally affirming after-school and summer learning and enrichment opportunities that meet the academic, social, and emotional needs of historically underserved students;

(2) promote engagement in learning and connections to school and community; and

(3) encourage school attendance and improve academic performance.

Subd. 3. **Grants.** (a) An applicant ~~shall~~ must submit an after-school community learning program proposal to the commissioner. The submitted ~~plan~~ proposal must include:

~~(1) collaboration with and leverage of existing community resources that have demonstrated effectiveness;~~

~~(2) outreach to children and youth; and~~

~~(3) involvement of local governments, including park and recreation boards or schools, unless no government agency is appropriate.~~

~~Proposals will be reviewed and approved by the commissioner.~~

(1) an assessment of the needs and available resources for the after-school community learning program and a description of how the proposed program will address the needs identified, including how students and families were engaged in the process;

(2) a description of the partnership between a school and another eligible entity;

(3) an explanation of how the proposal will support the objectives identified in subdivision 2, including the use of best practices;

(4) a plan to implement effective after-school and summer learning practices and provide staff access to professional development opportunities; and

(5) a description of the data they will use to evaluate the impact of the program.

(b) The commissioner must review proposals and award grants to programs that:

(1) primarily serve historically underserved students; and

(2) provide opportunities for academic enrichment and a broad array of additional services and activities to meet program objectives.

(c) To the extent practicable, the commissioner must award grants equitably among the geographic areas of Minnesota, including rural, suburban, and urban communities.

**Subd. 4. Technical assistance and continuous improvement.** (a) The commissioner must monitor and evaluate the performance of grant recipients to assess the effectiveness of after-school community learning programs in meeting the objectives identified in subdivision 2.

(b) The commissioner must provide technical assistance, capacity building, and professional development to grant recipients, including guidance on effective practices for after-school and summer learning programs.

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

Sec. 4. Minnesota Statutes 2022, 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 ~~2011~~ 2024 equals ~~\$44,419,000~~ \$52,759,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) the greater of: (A) one plus the percent change in the formula allowance under section 126C.10, subdivision 2, from the previous fiscal year to the current fiscal year; or (B) the average growth in state total contact hours over the prior ten program years.

Three 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) 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 for revenue for fiscal year 2024 and later.

Sec. 5. Minnesota Statutes 2022, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed ~~\$22~~ \$30 per prior year contact hour computed under subdivision 3, clause (2).

(b) The aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 11 percent or \$10,000.

(c) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

(d) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b) must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

Sec. 6. Minnesota Statutes 2022, section 124D.55, is amended to read:

**124D.55 COMMISSIONER-SELECTED HIGH SCHOOL EQUIVALENCY TEST FEES.**

(a) The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of the commissioner-selected high school equivalency tests, but not more than \$40 for an eligible individual.

(b) Notwithstanding paragraph (a), for fiscal years ~~2020 and 2021~~ 2023 through 2027 only, subject to the availability of funds, the commissioner shall pay 100 percent of the fee charged to an eligible individual for the full battery of the commissioner-selected high school equivalency tests, but not more than the cost of one full battery of tests per year for any individual.

Sec. 7. Minnesota Statutes 2022, section 124D.56, is amended to read:

**124D.56 COMMUNITY EDUCATION PROGRAM REVENUE; ADULTS WITH DISABILITIES.**

Subdivision 1. **Revenue amount.** A district that is eligible according to section 124D.20, subdivision 2, may receive revenue for a program for adults with disabilities. Revenue for the program for adults with disabilities for a district ~~or a group of districts~~ equals the lesser of:

(1) the actual expenditures for approved programs and budgets; or

(2) ~~\$60,000~~ the greater of (i) \$0.34 times the population of the school district as determined according to section 275.14, or (ii) the district's adults with disabilities revenue for fiscal year 2023. If the district does not levy the entire amount permitted, the district's adults with disabilities aid is reduced in proportion to the actual amount levied.

Subd. 2. **Aid.** Program aid for adults with disabilities equals the ~~lesser of:~~

(1) ~~one-half of the actual expenditures for approved programs and budgets; or~~

(2) \$30,000 difference between the district's adults with disabilities revenue and the district's adults with disabilities levy.

Subd. 3. **Levy.** A district may levy for a program for adults with disabilities in an amount ~~up to the amount designated in subdivision 2. In the case of a program offered by a group of districts, the levy amount must be apportioned among the districts according to the agreement submitted to the department.~~ not to exceed the lesser of:

(1) the district's revenue under subdivision 1; or

(2) the product of a tax rate not to exceed .006 percent in fiscal year 2025, .0053 percent in fiscal year 2026, and .005 percent in fiscal year 2027 and later, times the district's adjusted net tax capacity for the year prior to the year the levy is certified.

Subd. 4. **Outside revenue.** A district may receive money from public or private sources to supplement revenue for the program for adults with disabilities. Aid may not be reduced as a result of receiving money from these sources.

Subd. 5. **Use of revenue.** Revenue for the program for adults with disabilities may be used only to provide programs for adults with disabilities.

Subd. 6. **Cooperation encouraged.** A school district offering programming for adults with disabilities is encouraged to provide programming in cooperation with other school districts and other public and private organizations providing services to adults with disabilities.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

Sec. 8. Minnesota Statutes 2022, section 124D.99, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section the terms defined in this subdivision have the meanings given them.

(b) ~~"Tier 1 grant"~~ "Neighborhood partnership grant" means a sustaining grant for the ongoing operation, stability, and expansion of existing education partnership program locations serving a defined geographic area within a single municipality.

(c) ~~"Tier 2 grant"~~ "Regional neighborhood partnership grant" means an implementation grant for expanding activity in the ongoing operation, stability, and expansion of activity of existing education partnership program locations serving a defined geographic area encompassing an entire municipality or part of or all of multiple municipalities.

Sec. 9. Minnesota Statutes 2022, section 124D.99, subdivision 3, is amended to read:

Subd. 3. **Administration; design.** (a) The commissioner shall establish program requirements, an application process and timeline for each ~~tier of grants~~ grant specified in subdivision 4, criteria for evaluation of applications, and a grant awards process. The commissioner's process must minimize administrative costs, minimize burdens for applicants and grant recipients, and provide a framework that permits flexibility in program design and implementation among grant recipients.

(b) To the extent practicable, the commissioner shall design the program to align with programs implemented or proposed by organizations in Minnesota that:

(1) identify and increase the capacity of organizations that are focused on achieving data-driven, locally controlled positive outcomes for children and youth throughout an entire neighborhood or geographic area through programs such as Strive Together, Promise Neighborhood, and the Education Partnerships Coalition members;

(2) build a continuum of educational family and community supports with academically rigorous schools at the center;

(3) maximize program efficiencies by integrating programmatic activities and eliminating administrative barriers;

(4) develop local infrastructure needed to sustain and scale up proven and effective solutions beyond the initial neighborhood or geographic area;

(5) utilize appropriate outcome measures based on unique community needs and interests and apply rigorous evaluation on a periodic basis to be used to both monitor outcomes and allow for continuous improvements to systems;

(6) collect and utilize data to improve student outcomes;

(7) share disaggregated performance data with the community to set community-level outcomes;

(8) employ continuous improvement processes;

(9) have a Tribal entity, community foundation, higher education institution, or community-based organization as an anchor entity managing the partnership;

(10) convene a cross-sector leadership group and have a documented accountability structure; and

(11) demonstrate use of nonstate funds, from multiple sources, including in-kind contributions.

(c) A grant recipient's supportive services programming must address:

(1) kindergarten readiness and youth development;

(2) grade 3 reading proficiency;

(3) middle school mathematics;

(4) high school graduation;

(5) postsecondary educational enrollment;

(6) postsecondary education completion or attainment;

(7) physical and mental health;

- (8) development of career skills and readiness;
- (9) parental engagement and development;
- (10) community engagement and programmatic alignment; and
- (11) reduction of remedial education.

(d) The commissioner, in consultation with grant recipients, must:

- (1) develop and revise core indicators of progress toward outcomes specifying impacts ~~for each tier~~ identified under subdivision 4;
- (2) establish a reporting system for grant recipients to measure program outcomes using data sources and program goals; and
- (3) evaluate effectiveness based on the core indicators established by each partnership ~~for each tier~~.

Sec. 10. Minnesota Statutes 2022, section 124D.99, subdivision 5, is amended to read:

Subd. 5. **Grants.** The commissioner shall award ~~Tier 1 and Tier 2~~ grants to qualifying recipients that can demonstrate a nonstate source of funds, including in-kind contributions.

Sec. 11. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. **Adult basic education aid.** (a) For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	<u>52,663,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>53,717,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$5,179,000 for 2023 and \$47,484,000 for 2024.

(c) The 2025 appropriation includes \$5,275,000 for 2024 and \$48,442,000 for 2025.

Subd. 3. **Adults with disabilities program aid.** (a) For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<u>710,000</u>	<u>.....</u>	<u>2024</u>
\$	<u>1,782,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$71,000 for 2023 and \$639,000 for 2024.

(c) The 2025 appropriation includes \$71,000 for 2024 and \$1,711,000 for 2025.

Subd. 4. **After school community learning grant program.** (a) For grants for after school community learning programs in accordance with Minnesota Statutes, section 124D.2211:

\$	<u>30,000,000</u>	.....	<u>2024</u>
\$	<u>0</u>	.....	<u>2025</u>

(b) Up to three percent of the appropriation is for an organization serving as the statewide after-school network to assist with the requirements of Minnesota Statutes, section 124D.2211, subdivision 4, paragraph (b).

(c) Up to \$2,250,000 is available for grant administration, monitoring, providing technical assistance, and program evaluation.

(d) This is a onetime appropriation and is available until June 30, 2027.

Subd. 5. **Community education aid.** (a) For community education aid under Minnesota Statutes, section 124D.20:

\$	<u>98,000</u>	.....	<u>2024</u>
\$	<u>8,030,000</u>	.....	<u>2025</u>

(b) The 2024 appropriation includes \$14,000 for 2023 and \$84,000 for 2024.

(c) The 2025 appropriation includes \$9,000 for 2024 and \$8,021,000 for 2025.

Subd. 6. **Deaf, deafblind, and hard-of-hearing adults.** For programs for deaf, deafblind, and hard-of-hearing adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	.....	<u>2024</u>
\$	<u>70,000</u>	.....	<u>2025</u>

Subd. 7. **High school equivalency tests.** (a) For payment of the costs of the commissioner-selected high school equivalency tests under Minnesota Statutes, section 124D.55:

\$	<u>615,000</u>	.....	<u>2024</u>
\$	<u>125,000</u>	.....	<u>2025</u>

(b) Of the amounts in paragraph (a), \$490,000 in fiscal year 2024 is available until June 30, 2027.

Subd. 8. **Neighborhood partnership grants.** (a) For neighborhood partnership grants under Minnesota Statutes, section 124D.99:

\$	<u>2,600,000</u>	.....	<u>2024</u>
\$	<u>2,600,000</u>	.....	<u>2025</u>

(b) Of the amounts in paragraph (a), \$1,300,000 each year is for the Northside Achievement Zone and \$1,300,000 each year is for the St. Paul Promise Neighborhood.

Subd. 9. **Regional neighborhood partnership grants.** (a) For regional neighborhood partnership grants under Minnesota Statutes, section 124D.99:

<u>\$</u>	<u>1,400,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>1,400,000</u>	<u>.....</u>	<u>2025</u>

(b) Of the amounts in paragraph (a), \$200,000 each year is for the following programs:

- (1) Northfield Healthy Community Initiative in Northfield;
- (2) Red Wing Youth Outreach Program in Red Wing;
- (3) United Way of Central Minnesota in St. Cloud;
- (4) Austin Aspires in Austin;
- (5) Rochester Area Foundation in Rochester;
- (6) Greater Twin Cities United Way for Generation Next; and
- (7) Children First and Partnership for Success in St. Louis Park.

Subd. 10. **School-age care aid.** (a) For school-age care aid under Minnesota Statutes, section 124D.22:

<u>\$</u>	<u>1,000</u>	<u>.....</u>	<u>2024</u>
<u>\$</u>	<u>1,000</u>	<u>.....</u>	<u>2025</u>

(b) The 2024 appropriation includes \$0 for 2023 and \$1,000 for 2024.

(c) The 2025 appropriation includes \$0 for 2024 and \$1,000 for 2025.

## ARTICLE 12

### STATE AGENCIES

Section 1. Minnesota Statutes 2022, section 121A.04, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The legislature recognizes certain past inequities in access to athletic programs and in the various degrees of athletic opportunity previously afforded members of each sex, race, and ethnicity. The purpose of this section is to provide an equal opportunity for members of ~~both sexes~~ each sex and members of all races and ethnicities to participate in athletic programs.

Sec. 2. Minnesota Statutes 2022, section 121A.04, subdivision 2, is amended to read:

Subd. 2. **Equal opportunity in athletic programs.** Each educational institution or public service shall provide equal opportunity for members of ~~both sexes~~ each sex and members of all races and ethnicities to participate in its athletic program. In determining whether equal opportunity to participate in athletic programs is available for the purposes of this section, at least the following factors shall be considered to the extent that they are applicable to a given situation: whether the opportunity for males and females to participate in the athletic program reflects the demonstrated interest in athletics of the males and females in the student body of the educational institution or the population served by the public service; whether the opportunity for members of all races and

ethnicities to participate in the athletic program reflects the demonstrated interest in athletics of members of all races and ethnicities in the student body of the educational institution or the population served by the public service; whether the variety and selection of sports and levels of competition effectively accommodate the demonstrated interests of members of both sexes each sex; whether the variety and selection of sports and levels of competition effectively accommodate the demonstrated interests of members of all races and ethnicities; the provision of equipment and supplies; scheduling of games and practice times; assignment of coaches; provision of locker rooms; practice and competitive facilities; and the provision of necessary funds for teams of one sex.

**Sec. 3. [121A.20] LICENSED SCHOOL NURSE.**

**Subdivision 1. Purpose and duties.** (a) The Department of Education must employ a school health services specialist to:

(1) provide technical assistance to school districts and charter schools for the education-related health needs of students;

(2) serve as the primary source of information and support for schools in addressing emergency readiness, public health, and the needs of children and youth with acute and chronic health conditions and related disorders; and

(3) serve as the primary liaison to the Department of Health and other state agencies to coordinate school-based, health-related services for students.

(b) The school health services specialist's duties include:

(1) increasing professional awareness and competencies of school nurses and other specialized instructional support personnel, using the competencies defined in the most recent edition of the document jointly prepared by the American Nurses Association and the National Association of School Nurses identified as "School Nursing; Scope and Standards of Practice" to meet the educational needs of students with acute or chronic health conditions or students identified with risk characteristics associated with health and mental health;

(2) developing implementation guidance to assist general education and special education teachers in (i) recognizing health-related educational needs of children and youth, and (ii) improving students' attendance and full participation in instruction and other school activities;

(3) developing implementation guidance to assist teachers, specialized instructional support personnel, and school administrators in prevention of and intervention with health-harming behavior and mental health; and

(4) increasing the availability of online and asynchronous professional development programs and materials for school staff.

**Subd. 2. Definition.** For purposes of this section, "health services specialist" means a professional registered nurse who:

(1) is licensed as a public health nurse in Minnesota;

(2) is licensed as a school nurse in Minnesota;

(3) has a minimum of three years of experience in school nursing services or as a public health nurse serving schools;

(4) has experience in managing a districtwide health policy, overseeing a budget, and supervising personnel; and

(5) has a graduate degree in nursing, public health, education, or a related field.

Subd. 3. **Requirements for position.** The Department of Education's school health services specialist must be highly trained in school nursing, which includes knowledge about child growth and development; public health; health education; and special education with a focus on the impact of health on learning, comprehensive assessment of learning-related health using interventions that are evidence-based, and documentation and evaluation of child health knowledge, skills, status, and education implications. The specialist must have knowledge of section 504 plans, health insurance and third-party reimbursement, health privacy, and emergency preparedness. The specialist must also have skills in interdisciplinary collaboration, policy development, parent involvement, health teaching and learning, and staff development.

Sec. 4. Minnesota Statutes 2022, section 121A.582, subdivision 1, is amended to read:

Subdivision 1. **Reasonable force standard.** (a) A teacher or school principal, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student ~~or~~ to prevent imminent bodily harm or death to the student or to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student ~~or~~ to prevent bodily harm or death to the student or to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under section 125A.0942.

(d) Districts must report data on their use of any reasonable force used on a student with a disability to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under section 125A.0941, paragraph (c), as outlined in section 125A.0942, subdivision 3, paragraph (b).

(e) Beginning with the 2024-2025 school year, districts must report annually by July 15, in a form and manner determined by the commissioner, data from the prior school year about any reasonable force used on a general education student to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under section 125A.0941, paragraph (c).

Sec. 5. Minnesota Statutes 2022, section 122A.07, subdivision 1, is amended to read:

Subdivision 1. **Appointment of members.** The Professional Educator Licensing and Standards Board consists of ~~11~~ 13 members appointed by the governor, with the advice and consent of the senate. Membership terms, ~~compensation of members,~~ removal of members, the filling of membership vacancies, and fiscal year and reporting requirements are as provided in sections 214.07 to 214.09. No member may be reappointed for more than one additional term.

Sec. 6. Minnesota Statutes 2022, section 122A.07, subdivision 2, is amended to read:

Subd. 2. **Eligibility; board composition.** Each ~~nominee~~ appointee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) ~~six~~ seven teachers who are currently teaching in a Minnesota school ~~or who were teaching at the time of the appointment~~, have at least five years of teaching experience, and ~~were~~ are not serving in ~~an administrative function at a school district or school when appointed~~ a position requiring an administrative license, pursuant to section 122A.14. The ~~six~~ seven teachers must include the following:

(i) one teacher in a charter school;

(ii) ~~one teacher~~ two teachers from a school located in the seven-county metropolitan area, as defined in section 473.121, subdivision 2;

(iii) ~~one teacher~~ two teachers from a school located outside the seven-county metropolitan area;

(iv) one teacher from a related service category licensed by the board; and

(v) one special education teacher; ~~and~~

~~(vi) one teacher from a teacher preparation program;~~

(2) two teachers currently teaching in a board-approved teacher preparation program;

~~(2)~~ (3) one superintendent that alternates, alternating each term between a superintendent from a school district in the seven-county metropolitan area, as defined in section 473.121, subdivision 2, and a superintendent from a school district outside the metropolitan area;

~~(3) one school district human resources director;~~

(4) one administrator of a cooperative unit under section 123A.24, subdivision 2, educator who oversees a special education program and who works closely with a cooperative unit under section 123A.24, subdivision 2;

(5) one principal that alternates, alternating each term between an elementary and a secondary school principal; and

(6) one member of the public that may be a current or former school board member.

Sec. 7. Minnesota Statutes 2022, section 122A.07, subdivision 4, is amended to read:

Subd. 4. **Terms, compensation; removal; vacancies.** (a) The review and processing of complaints; the setting of fees; the selection and duties of an executive director to serve the board; and other provisions relating to board operations not provided in this chapter are as provided in chapter 214. Membership terms, except as provided in subdivision 2a, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements are as provided in sections 214.07 to 214.09.

(b) Board members must receive a stipend of up to \$4,800 annually, prorated monthly, during each year of service on the board.

Sec. 8. Minnesota Statutes 2022, section 122A.07, subdivision 4a, is amended to read:

Subd. 4a. **Administration.** (a) The executive director of the board shall be the chief administrative officer for the board but shall not be a member of the board. The executive director shall maintain the records of the board, account for all fees received by the board, supervise and direct employees servicing the board, and perform other services as directed by the board.

(b) The Department of Administration must provide administrative support in accordance with section 16B.371. The commissioner of administration must assess the board for services it provides under this section.

~~(c) The Department of Education must provide suitable offices and other space to the board at reasonable cost until January 1, 2020. Thereafter, the board may contract with either the Department of Education or the Department of Administration for the provision of suitable offices and other space, joint conference and hearing facilities, and examination rooms.~~

Sec. 9. Minnesota Statutes 2022, section 122A.07, subdivision 5, is amended to read:

Subd. 5. **District reimbursement for costs of substitute teachers.** The Professional Educator Licensing and Standards Board ~~may~~ must reimburse local school districts for the costs of substitute teachers employed when regular teachers are providing professional assistance to the state by serving on the board or on a committee or task force appointed by the board and charged to make recommendations concerning standards for teacher licensure in this state.

Sec. 10. Minnesota Statutes 2022, section 122A.07, subdivision 6, is amended to read:

Subd. 6. **Public employer compensation reduction prohibited.** (a) The public employer of a member must not reduce the member's compensation or benefits because of the member's absence from employment when engaging in the business of the board.

(b) The public employer of a member must grant the member time off to join board meetings, committee meetings, and board retreats.

Sec. 11. Minnesota Statutes 2022, section 125A.71, subdivision 1, is amended to read:

Subdivision 1. **Rental income; appropriation.** Rental income, ~~excluding rent for land and living residences,~~ must be deposited in the state treasury and credited to a revolving fund of the academies. Money in the revolving fund for rental income is annually appropriated to the academies for staff development purposes. Payment from the revolving fund for rental income may be made only according to vouchers authorized by the administrator of the academies.

Sec. 12. [127A.21] OFFICE OF THE INSPECTOR GENERAL.

Subdivision 1. Establishment of Office of the Inspector General; powers; duties. The commissioner must establish within the department an Office of the Inspector General. The Office of the Inspector General is charged with protecting the integrity of the department and the state by detecting and preventing fraud, waste, and abuse in department programs. The Office of the Inspector

General must conduct independent and objective investigations to promote the integrity of the department's programs and operations. When fraud or other misuse of public funds is detected, the Office of the Inspector General must report it to the appropriate law enforcement entity and collaborate and cooperate with law enforcement to assist in the investigation and any subsequent civil and criminal prosecution.

Subd. 2. **Data practices; hiring; reporting.** The Office of the Inspector General has access to all program data, regardless of classification under chapter 13, held by the department, school districts or charter schools, grantees, and any other recipient of funds from the department. The commissioner, or the commissioner's designee, must hire an inspector general to lead the Office of the Inspector General. The inspector general must hire a deputy inspector general and, at the discretion of the inspector general, sufficient assistant inspectors general to carry out the duties of the office. In a form and manner determined by the inspector general, the Office of the Inspector General must develop a public platform for the public to report instances of potential fraud, waste, or abuse of public funds administered by the department.

Sec. 13. **[127A.215] COMPREHENSIVE SCHOOL MENTAL HEALTH SERVICES LEAD.**

Subdivision 1. **Lead position established.** The department must employ a comprehensive school mental health services lead to serve as a source of information and support for schools in addressing the mental health needs of students, teachers, and school staff and developing comprehensive school mental health systems in school districts and charter schools.

Subd. 2. **Assistance to districts.** (a) The lead must, upon request, assist schools in assessing the quality of their comprehensive school mental health systems and developing improvement plans to implement evidence-based mental health resources, tools, and practices in school districts and charter schools throughout Minnesota.

(b) The lead must establish a clearinghouse and provide information and resources for school districts, charter schools, teachers, school staff, and families to support students', teachers', and school staff's mental health needs.

(c) The lead must work with school districts and charter schools to improve mental health infrastructure support by:

(1) developing guidance and sharing resources on improving the quality of comprehensive school mental health systems;

(2) developing and sharing resources on evidence-based strategies, behavioral interventions, and practices or techniques for addressing mental health needs, including implementing a comprehensive approach to suicide prevention;

(3) facilitating coordination and cooperation to enable school districts and charter schools to share strategies, challenges, and successes associated with supporting the mental health needs of students, teachers, and staff;

(4) providing advice, upon request, to schools on implementing trauma-informed and culturally responsive school-based programs that provide prevention or intervention services to students, teachers, and staff;

(5) aligning resources among the different state agencies, including the Department of Education, Department of Human Services, and Department of Health, to ensure school mental health systems can efficiently access state resources; and

(6) maintaining a comprehensive list of resources on the Department of Education website that schools may use to address students', teachers', and staff's mental health needs, including grant opportunities; community-based prevention and intervention services; model policies; written publications that schools may distribute to students, teachers, and staff; professional development opportunities; best practices; and other resources for mental health education under section 120B.21.

(d) The lead may report to the legislature as necessary regarding students', teachers', and school staff's mental health needs; challenges in developing comprehensive school mental health services; successful strategies and outcomes; and recommendations for integrating mental health services and supports in schools.

Subd. 3. **Coordination with other agencies.** The comprehensive school mental health services lead must consult with the Regional Centers of Excellence, the Department of Health, the Department of Human Services, the Minnesota School Safety Center, and other federal, state, and local agencies as necessary to identify or develop information, training, and resources to help school districts and charter schools support students', teachers', and school staff's mental health needs.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 14. Laws 2021, First Special Session chapter 13, article 11, section 4, subdivision 2, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

\$	30,837,000	.....	2022
\$	26,287,000	.....	2023

Of these amounts:

- (1) \$319,000 each year is for the Board of School Administrators;
- (2) \$1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;
- (3) \$250,000 each year is for the School Finance Division to enhance financial data analysis;
- (4) \$720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;
- (5) \$123,000 each year is for a dyslexia specialist;
- (6) \$480,000 each year is for the Department of Education's mainframe update;

(7) \$4,500,000 in fiscal year 2022 only is for legal fees and costs associated with litigation; and

(8) \$340,000 in fiscal years 2022 and 2023 only are for voluntary prekindergarten programs.

(b) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

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

(d) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.21. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanisms specified in that agreement.

(e) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (a), the base for fiscal year 2024 and later is \$25,965,000.

(f) On the effective date of this act, \$1,500,000 from the fiscal year 2022 appropriation for legal fees and costs associated with litigation is canceled to the general fund.

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

Sec. 15. Laws 2023, chapter 18, section 4, subdivision 4, is amended to read:

Subd. 4. **Administrative costs.** (a) For onetime and ongoing administrative costs necessary to implement the free school meals program:

\$	400,000	.....	2023
\$	0	.....	2024
	202,000		
\$	<u>0</u>	.....	2025

(b) The fiscal year 2023 appropriation does not cancel but is available until June 30, 2025.

~~(c) The base for fiscal year 2026 and later is \$202,000.~~

Sec. 16. **PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD MEMBERSHIP.**

By July 15, 2023, the governor must nominate members to the Professional Educator Licensing and Standards Board to ensure the board consists of 13 members. Notwithstanding any law to the contrary, the term of the school district human resources director serving on the board as of March 1, 2023, ends December 31, 2023. By January 1, 2024, the governor must nominate a member to the board to ensure the board consists of the 13 members required under Minnesota Statutes, section 122A.07, subdivision 2.

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

Sec. 17. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. Department of Education. Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. Department. (a) For the Department of Education:

\$	47,005,000	.....	2024
\$	39,922,000	.....	2025

Of these amounts:

- (1) \$405,000 each year is for the Board of School Administrators;
- (2) \$1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;
- (3) \$720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act (LEAPS) under Laws 2014, chapter 272, article 1, as amended;
- (4) \$480,000 each year is for the Department of Education's mainframe update;
- (5) \$7,500,000 in fiscal year 2024 only is for legal fees and costs associated with litigation;
- (6) \$595,000 in fiscal year 2024 and \$2,609,000 in fiscal year 2025 are for modernizing district data submissions. The base for fiscal year 2026 and later is \$2,359,000;
- (7) \$573,000 each year is for engagement and rulemaking related to Specific Learning Disability;
- (8) \$150,000 each year is for an ethnic studies specialist in the academic standards division to provide support to the ethnic studies working group and to school districts seeking to establish or strengthen ethnic studies courses;
- (9) \$150,000 each year is for the comprehensive school mental health services lead under Minnesota Statutes, section 127A.215;
- (10) \$150,000 each year is for a school health services specialist under Minnesota Statutes, section 121A.20;
- (11) \$2,000,000 each year is for the Office of the Inspector General established under Minnesota Statutes, section 127A.21;
- (12) \$800,000 each year is for audit and internal control resources;
- (13) \$2,000,000 in fiscal year 2024 only is for information technology infrastructure and portfolio resources;
- (14) \$2,000,000 each year is for staffing the Equity, Diversity and Inclusion (EDI) Center at the Department of Education; and
- (15) \$275,000 in fiscal year 2024 and \$175,000 in fiscal year 2025 are for administrative expenses for unemployment aid.

(b) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

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

(d) The base for fiscal year 2026 and later is \$39,667,000.

Sec. 18. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>17,766,000</u>	.....	<u>2024</u>
\$	<u>17,189,000</u>	.....	<u>2025</u>

Of these amounts:

(1) \$125,000 in fiscal year 2024 only is for an audiology booth and related testing equipment;

(2) \$445,000 in fiscal year 2024 and \$185,000 in fiscal year 2025 are for a mental health day treatment program. These funds are available until June 30, 2027. The base amount for the allocation under this clause is \$185,000 in fiscal year 2026 and later; and

(3) \$321,000 each year is for unemployment costs.

(b) The base for fiscal year 2026 is \$17,436,000 and the base for fiscal year 2027 and later is \$17,193,000.

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

Sec. 19. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

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

\$	<u>9,243,000</u>	.....	<u>2024</u>
\$	<u>8,435,000</u>	.....	<u>2025</u>

Of these amounts:

(1) \$1,150,000 in fiscal year 2024 only is for furniture replacement in the agency's dormitory and classrooms, including costs associated with moving and disposal; and

(2) \$24,000 each year is for unemployment costs.

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

Sec. 20. **APPROPRIATIONS; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

Subdivision 1. Professional Educator Licensing and Standards Board. (a) The sums indicated in this section are appropriated from the general fund to the Professional Educator Licensing and Standards Board for the fiscal years designated:

\$	<u>3,484,000</u>	.....	<u>2024</u>
\$	<u>3,628,000</u>	.....	<u>2025</u>

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

Subd. 2. Licensure by portfolio. (a) For licensure by portfolio:

\$	<u>34,000</u>	.....	<u>2024</u>
\$	<u>34,000</u>	.....	<u>2025</u>

(b) This appropriation is from the education licensure portfolio account in the special revenue fund.

## ARTICLE 13

### FORECAST

#### A. GENERAL EDUCATION

Section 1. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	7,569,266,000	.....	2022
	<del>7,804,527,000</del>		
\$	<u>7,538,983,000</u>	.....	2023

The 2022 appropriation includes \$717,326,000 for 2021 and \$6,851,940,000 for 2022.

The 2023 appropriation includes \$734,520,000 for 2022 and ~~\$7,070,007,000~~ \$6,804,463,000 for 2023.

Sec. 2. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 3, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	12,000	.....	2022
	<del>13,000</del>		
\$	<u>16,000</u>	.....	2023

Sec. 3. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 4, is amended to read:

Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	2,897,000	.....	2022
	<del>3,558,000</del>		
\$	<u>1,434,000</u>	.....	2023

The 2022 appropriation includes \$269,000 for 2021 and \$2,628,000 for 2022.

The 2023 appropriation includes \$291,000 for 2022 and ~~\$3,267,000~~ \$1,143,000 for 2023.

Sec. 4. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition aid.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	309,000	.....	2022
	<del>373,000</del>		
\$	<u>95,000</u>	.....	2023

The 2022 appropriation includes \$30,000 for 2021 and \$279,000 for 2022.

The 2023 appropriation includes \$31,000 for 2022 and ~~\$342,000~~ \$64,000 for 2023.

Sec. 5. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	16,991,000	.....	2022
	<del>17,450,000</del>		
\$	<u>19,003,000</u>	.....	2023

The 2022 appropriation includes \$1,903,000 for 2021 and \$15,088,000 for 2022.

The 2023 appropriation includes \$1,676,000 for 2022 and ~~\$15,774,000~~ \$17,327,000 for 2023.

Sec. 6. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	19,770,000	.....	2022
	<del>19,906,000</del>		
\$	<u>21,027,000</u>	.....	2023

The 2022 appropriation includes \$1,910,000 for 2021 and \$17,860,000 for 2022.

The 2023 appropriation includes \$1,984,000 for 2022 and ~~\$17,922,000~~ \$19,043,000 for 2023.

Sec. 7. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 9, is amended to read:

Subd. 9. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	2,668,000	.....	2022
	<del>2,279,000</del>		
\$	<u>1,914,000</u>	.....	2023

The 2022 appropriation includes \$323,000 for 2021 and \$2,345,000 for 2022.

The 2023 appropriation includes \$260,000 for 2022 and ~~\$2,019,000~~ \$1,654,000 for 2023.

## B. EDUCATION EXCELLENCE

Sec. 8. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 2, is amended to read:

Subd. 2. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	84,057,000	.....	2022
	<del>83,431,000</del>		
\$	<u>81,579,000</u>	.....	2023

The 2022 appropriation includes \$8,868,000 for 2021 and \$75,189,000 for 2022.

The 2023 appropriation includes \$8,353,000 for 2022 and ~~\$75,078,000~~ \$73,226,000 for 2023.

Sec. 9. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 3, is amended to read:

Subd. 3. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$	11,351,000	.....	2022
	<del>11,775,000</del>		
\$	<u>11,575,000</u>	.....	2023

The 2022 appropriation includes \$1,102,000 for 2021 and \$10,249,000 for 2022.

The 2023 appropriation includes \$1,138,000 for 2022 and ~~\$10,637,000~~ \$10,437,000 for 2023.

Sec. 10. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 4, is amended to read:

Subd. 4. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

\$	93,547,000	.....	2022
	<del>99,819,000</del>		
\$	<u>90,864,000</u>	.....	2023

The 2022 appropriation includes \$8,617,000 for 2021 and \$84,930,000 for 2022.

The 2023 appropriation includes \$9,436,000 for 2022 and ~~\$90,383,000~~ \$81,428,000 for 2023.

Sec. 11. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 12, is amended to read:

Subd. 12. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	12,310,000	.....	2022
	<del>14,823,000</del>		
\$	<u>13,785,000</u>	.....	2023

Sec. 12. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 27, is amended to read:

Subd. 27. **Tribal contract school aid.** For Tribal contract school aid under Minnesota Statutes, section 124D.83:

\$	2,743,000	.....	2022
	<del>3,160,000</del>		
\$	<u>2,581,000</u>	.....	2023

The 2022 appropriation includes \$240,000 for 2021 and \$2,503,000 for 2022.

The 2023 appropriation includes \$278,000 for 2022 and ~~\$2,882,000~~ \$2,303,000 for 2023.

### C. TEACHERS

Sec. 13. Laws 2021, First Special Session chapter 13, article 3, section 7, subdivision 7, is amended to read:

Subd. 7. **Alternative teacher compensation aid.** (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$	88,896,000	.....	2022
	<del>88,898,000</del>		
\$	<u>88,308,000</u>	.....	2023

(b) The 2022 appropriation includes \$8,877,000 for 2021 and \$80,019,000 for 2022.

(c) The 2023 appropriation includes \$8,891,000 for 2022 and ~~\$80,007,000~~ \$79,417,000 for 2023.

**D. SPECIAL EDUCATION**

Sec. 14. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	1,822,998,000	.....	2022
	<del>1,945,533,000</del>		
\$	<u>1,859,205,000</u>	.....	2023

The 2022 appropriation includes \$215,125,000 for 2021 and \$1,607,873,000 for 2022.

The 2023 appropriation includes \$226,342,000 for 2022 and ~~\$1,719,191,000~~ \$1,632,863,000 for 2023.

Sec. 15. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	1,818,000	.....	2022
	<del>2,010,000</del>		
\$	<u>1,484,000</u>	.....	2023

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

Sec. 16. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	465,000	.....	2022
	<del>512,000</del>		
\$	<u>337,000</u>	.....	2023

The 2022 appropriation includes \$23,000 for 2021 and \$442,000 for 2022.

The 2023 appropriation includes \$49,000 for 2022 and ~~\$463,000~~ \$288,000 for 2023.

**E. FACILITIES**

Sec. 17. Laws 2021, First Special Session chapter 13, article 7, section 2, subdivision 2, is amended to read:

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

\$	25,001,000	.....	2022
	<del>24,286,000</del>		
\$	<u>24,315,000</u>	.....	2023

The 2022 appropriation includes \$2,588,000 for 2021 and \$22,413,000 for 2022.

The 2023 appropriation includes \$2,490,000 for 2022 and ~~\$21,796,000~~ \$21,825,000 for 2023.

Sec. 18. Laws 2021, First Special Session chapter 13, article 7, section 2, subdivision 3, is amended to read:

Subd. 3. **Long-term facilities maintenance equalized aid.** For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

\$	108,582,000	.....	2022
	<del>111,077,000</del>		
\$	<u>108,269,000</u>	.....	2023

The 2022 appropriation includes \$10,660,000 for 2021 and \$97,922,000 for 2022.

The 2023 appropriation includes \$10,880,000 for 2022 and ~~\$100,197,000~~ \$97,389,000 for 2023.

## F. NUTRITION

Sec. 19. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	16,661,000	.....	2022
	<del>16,954,000</del>		
\$	<u>15,984,000</u>	.....	2023

Sec. 20. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	11,848,000	.....	2022
	<del>12,200,000</del>		
\$	<u>10,802,000</u>	.....	2023

Sec. 21. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	656,000	.....	2022
	<del>658,000</del>		
\$	<u>659,000</u>	.....	2023

### G. EARLY EDUCATION

Sec. 22. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 5, is amended to read:

Subd. 5. **Early childhood family education aid.** (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	35,003,000	.....	2022
	<del>36,478,000</del>		
\$	<u>35,180,000</u>	.....	2023

(b) The 2022 appropriation includes \$3,341,000 for 2021 and \$31,662,000 for 2022.

(c) The 2023 appropriation includes \$3,518,000 for 2022 and ~~\$32,960,000~~ \$31,662,000 for 2023.

Sec. 23. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** (a) For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	3,582,000	.....	2022
	<del>3,476,000</del>		
\$	<u>3,503,000</u>	.....	2023

(b) The 2022 appropriation includes \$360,000 for 2021 and \$3,222,000 for 2022.

(c) The 2023 appropriation includes \$357,000 for 2022 and ~~\$3,119,000~~ \$3,146,000 for 2023.

Sec. 24. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 12, is amended to read:

Subd. 12. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section 124D.135:

\$	462,000	.....	2022
	<del>444,000</del>		
\$	<u>415,000</u>	.....	2023

(b) The 2022 appropriation includes \$47,000 for 2021 and \$415,000 for 2022.

(c) The 2023 appropriation includes \$46,000 for 2022 and ~~\$398,000~~ \$369,000 for 2023.

**H. COMMUNITY EDUCATION AND LIFELONG LEARNING**

Sec. 25. Laws 2021, First Special Session chapter 13, article 10, section 1, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	180,000	.....	2022
	<del>155,000</del>		
\$	<u>150,000</u>	.....	2023

The 2022 appropriation includes \$22,000 for 2021 and \$158,000 for 2022.

The 2023 appropriation includes \$17,000 for 2022 and ~~\$138,000~~ \$133,000 for 2023.

Sec. 26. Laws 2021, First Special Session chapter 13, article 10, section 1, subdivision 8, is amended to read:

Subd. 8. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	53,191,000	.....	2022
	<del>54,768,000</del>		
\$	<u>51,948,000</u>	.....	2023

The 2022 appropriation includes \$5,177,000 for 2021 and \$48,014,000 for 2022.

The 2023 appropriation includes \$5,334,000 for 2022 and ~~\$49,434,000~~ \$46,614,000 for 2023."

Delete the title and insert:

"A bill for an act relating to education finance; providing funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, literacy, American Indian education, teachers, charter schools, special education, facilities, nutrition, libraries, early childhood, community education, and state agencies; making forecast adjustments; providing for rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 13.32, subdivision 3; 120A.20, subdivision 1; 120A.22, subdivision 10; 120A.414, subdivision 2, by adding a subdivision; 120A.42; 120B.018, subdivision 6; 120B.021, subdivisions 1, 2, 3, 4, as amended, by adding a subdivision; 120B.022, subdivision 1; 120B.024, subdivisions 1, 2; 120B.11, subdivisions 1, 2, 3; 120B.12; 120B.122, subdivision 1; 120B.15; 120B.30, subdivisions 1, 1a; 120B.301; 120B.35, subdivision 3; 120B.36, subdivision 2; 121A.031, subdivision 6; 121A.04, subdivisions 1, 2; 121A.41, subdivision 7, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding a subdivision; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.58; 121A.582, subdivision 1; 121A.61, subdivisions 1, 3, by adding subdivisions; 122A.06, subdivisions 1, 2, 5, 6, 7, 8, by adding subdivisions; 122A.07, subdivisions 1, 2, 4, 4a, 5, 6; 122A.09, subdivisions 4, 6, 9, 10; 122A.091, subdivisions 1, 2; 122A.092, subdivision 5; 122A.15, subdivision 1; 122A.18, subdivisions 1, 2, 10, by adding a subdivision; 122A.181, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 122A.182, subdivisions 1, 4, by adding subdivisions; 122A.183,

subdivisions 1, 2, by adding a subdivision; 122A.184, subdivision 1; 122A.185, subdivisions 1, 4; 122A.187, subdivisions 1, 5, by adding a subdivision; 122A.19, subdivision 4; 122A.26, subdivision 2; 122A.31, subdivision 1; 122A.40, subdivisions 3, 5, 8; 122A.41, subdivisions 2, 5, by adding a subdivision; 122A.415, subdivision 4; 122A.59; 122A.63, by adding a subdivision; 122A.635; 122A.69; 122A.70; 122A.73, subdivisions 2, 3, 5; 123B.147, subdivision 3; 123B.595, subdivisions 1, 2, 3, 4, 7, 8, 8a, 9, 10, 11; 123B.71, subdivisions 9, 12; 123B.86, subdivision 3; 123B.92, subdivision 1, by adding a subdivision; 124D.03, subdivisions 3, 5; 124D.09, subdivisions 3, 5, 12, 13; 124D.111, subdivisions 1a, as amended, 2a, 5; 124D.1158, as amended; 124D.119; 124D.128, subdivisions 1, 2; 124D.151, subdivision 6; 124D.20, subdivisions 3, 5; 124D.2211; 124D.231; 124D.42, subdivision 8; 124D.531, subdivisions 1, 4; 124D.55; 124D.56; 124D.59, subdivisions 2, 2a; 124D.65, subdivision 5; 124D.68, subdivisions 2, 3; 124D.73, by adding a subdivision; 124D.74, subdivisions 1, 3, 4, by adding a subdivision; 124D.76; 124D.78; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81; 124D.861, subdivision 2; 124D.862, subdivision 8; 124D.98, by adding a subdivision; 124D.99, subdivisions 2, 3, 5; 124E.02; 124E.03, subdivision 2, by adding a subdivision; 124E.05, subdivisions 4, 7; 124E.06, subdivisions 1, 4, 5; 124E.10, subdivision 1; 124E.11; 124E.12, subdivision 1; 124E.13, subdivisions 1, 3; 124E.16; 124E.25, subdivision 1a; 125A.03; 125A.08; 125A.0942; 125A.15; 125A.51; 125A.515, subdivision 3; 125A.71, subdivision 1; 125A.76, subdivisions 2c, 2e, by adding a subdivision; 126C.05, subdivisions 3, as amended, 19; 126C.10, subdivisions 2, 2a, 2d, 2e, 3, 4, 13, 14, 18a, by adding subdivisions; 126C.12, by adding a subdivision; 126C.15, subdivisions 1, 2, 5; 126C.17, by adding a subdivision; 126C.40, subdivisions 1, 6; 126C.43, subdivision 2; 126C.44; 127A.353, subdivisions 2, 4; 128C.01, subdivision 4; 134.31, subdivisions 1, 4a; 134.32, subdivision 4; 134.34, subdivision 1; 134.355, subdivisions 1, 5, 6, 7; 144.4165; 256B.0625, subdivision 26; 268.085, subdivision 7; 290.0679, subdivision 2; Laws 2021, First Special Session chapter 13, article 1, section 10, subdivisions 2, 3, 4, 5, 6, 7, 9; article 2, section 4, subdivisions 2, 3, 4, 12, 27; article 3, section 7, subdivision 7; article 5, section 3, subdivisions 2, 3, 4; article 7, section 2, subdivisions 2, 3; article 8, section 3, subdivisions 2, 3, 4; article 9, section 4, subdivisions 5, 6, 12; article 10, section 1, subdivisions 2, 8; article 11, section 4, subdivision 2; Laws 2023, chapter 18, section 4, subdivisions 2, 3, 4; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 127A; 134; repealing Minnesota Statutes 2022, sections 120B.02, subdivision 3; 120B.35, subdivision 5; 122A.06, subdivision 4; 122A.07, subdivision 2a; 122A.091, subdivisions 3, 6; 122A.18, subdivision 7c; 122A.182, subdivision 2; 124D.095, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 126C.05, subdivisions 3, 16; 268.085, subdivision 8; Laws 2023, chapter 18, section 4, subdivision 5; Minnesota Rules, part 8710.0500, subparts 8, 11."

We request the adoption of this report and repassage of the bill.

House Conferees: Cheryl Youakim, Laurie Pryor, Josiah Hill, Mary Frances Clardy

Senate Conferees: Mary Kunesh, Steve Cwodzinski, Heather Gustafson, Erin Maye Quade

Senator Kunesh moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2497 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Duckworth moved that the recommendations and Conference Committee Report on H.F. No. 2497 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Duckworth motion.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Johnson, Lieske, Limmer, Nelson, Pratt, Weber, and Wesenberg.

Those who voted in the negative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the negative vote on behalf of the following Senators: Frentz, Klein, Mann, Marty, McEwen, Oumou Verbeten, Pappas, Pha, Port, Putnam, and Rest.

The motion did not prevail.

The question recurred on the adoption of the Kunesh motion.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Frentz, Klein, Mann, Marty, McEwen, Oumou Verbeten, Pappas, Pha, Port, Putnam, and Rest.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Johnson, Lieske, Limmer, Nelson, Pratt, Weber, and Wesenberg.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 2497 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Port
Carlson	Gustafson	Latz	Morrison	Putnam
Champion	Hauschild	Mann	Murphy	Rest
Cwodzinski	Hawj	Marty	Nelson	Seeberger
Dibble	Hoffman	Maye Quade	Oumou Verbeten	Westlin
Dziedzic	Klein	McEwen	Pappas	Wiklund
Fateh	Kunesh	Mitchell	Pha	Xiong

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Frentz, Hawj, Klein, Mann, Marty, Oumou Verbeten, Pappas, Pha, Port, Putnam, and Rest.

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senator: Nelson.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Limmer	Utke
Anderson	Duckworth	Jasinski	Lucero	Weber
Bahr	Eichorn	Johnson	Mathews	Wesenberg
Coleman	Farnsworth	Koran	Miller	Westrom
Dahms	Green	Kreun	Pratt	
Dornink	Gruenhagen	Lang	Rarick	
Draheim	Housley	Lieske	Rasmusson	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Anderson, Bahr, Dahms, Eichorn, Jasinski, Johnson, Lieske, Limmer, Pratt, Weber, and Wesenberg.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MEMBERS EXCUSED

Senator Lang was excused from the Session of today from 4:30 to 5:00 p.m. Senator Eichorn was excused from the Session of today from 5:30 to 8:15 p.m.

71ST DAY]

TUESDAY, MAY 16, 2023

8917

**ADJOURNMENT**

Senator Dziejic moved that the Senate do now adjourn until 1:00 p.m., Wednesday, May 17, 2023. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate

