

STATE OF MINNESOTA

Journal of the Senate

NINETY-THIRD LEGISLATURE

ONE HUNDRED FOURTH DAY

St. Paul, Minnesota, Wednesday, April 24, 2024

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

Senator Murphy 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. Dr. Patrick Shebeck.

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

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 3492: A bill for an act relating to housing; amending provisions relating to residential housing leases; amending landlord and tenant rights and obligations; providing for tenant associations; amending provisions relating to residential housing evictions; making clarifying, technical, and conforming changes to landlord and tenant provisions; amending Minnesota Statutes 2022, sections 504B.001, by adding subdivisions; 504B.113, subdivision 3; 504B.177; 504B.205, subdivisions 2, 3; 504B.206, subdivisions 1, 2, 3, 6; 504B.285, subdivision 1; 504B.385, subdivision 2; Minnesota Statutes 2023 Supplement, sections 484.014, subdivision 3; 504B.144; 504B.268, subdivision 1; 504B.345, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 504B; repealing Minnesota Statutes 2023 Supplement, section 504B.331.

Senate File No. 3492 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 18, 2024

Senator Mohamed moved that the Senate do not concur in the amendments by the House to S.F. No. 3492, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 4097: A bill for an act relating to commerce; adding and modifying various provisions related to 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; amending Minnesota Statutes 2022, sections 45.011, subdivision 1; 47.20, subdivision 2; 47.54, subdivisions 2, 6; 48.24, subdivision 2; 58.02, subdivisions 18, 21, by adding a subdivision; 58.04, subdivisions 1, 2; 58.05, subdivisions 1, 3; 58.06, by adding subdivisions; 58.08, subdivisions 1a, 2; 58.10, subdivision 3; 58.115; 58.13, subdivision 1; 58B.02, subdivision 8, by adding a subdivision; 58B.03, by adding a subdivision; 58B.06, subdivisions 4, 5; 58B.07, subdivisions 1, 3, 9, by adding subdivisions; 58B.09, by adding a subdivision; 60A.201, by adding a subdivision; 67A.01, subdivision 2; 67A.14, subdivision 1; 80A.61; 80A.66; 80C.05, subdivision 3; 82B.021, subdivision 26; 82B.094; 82B.095, subdivision 3; 82B.13, subdivision 1; 82B.19, subdivision 1; 115C.08, subdivision 2; 239.791, by adding a subdivision; 325F.03; 325F.04; 325F.05; 325G.24; 325G.25, subdivision 1; 340A.101, subdivision 13; 340A.404, subdivision 2; 340A.412, by adding a subdivision; 507.071; Minnesota Statutes 2023 Supplement, sections 53B.28, subdivisions 18, 25; 53B.29; 53B.69, by adding subdivisions; 80A.50; 239.791, subdivision 8; 325E.80, subdivisions 1, 5, 6, 7; 332.71, subdivisions 2, 4, 5, 7; 332.72; 332.73, subdivision 1; 332.74, subdivisions 3, 5; Laws 2022, chapter 86, article 2, section 3; Laws 2023, chapter 57, article 2, sections 7; 8; 9; 10; 11; 12; 13; 14; 15; proposing coding for new law in Minnesota Statutes, chapters 53B; 58; 65A; 325F; 325G; 332; 507; 513; proposing coding for new law as Minnesota Statutes, chapters 46A; 60M; repealing Minnesota Statutes 2022, sections 45.014; 58.08, subdivision

3; 82B.25; 325G.25, subdivision 1a; 332.3351; Minnesota Statutes 2023 Supplement, sections 53B.58; 332.71, subdivision 8.

There has been appointed as such committee on the part of the House:

Stephenson, Kotyza-Witthuhn, Kraft, Cha and O'Driscoll.

Senate File No. 4097 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 18, 2024

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 4399: A bill for an act relating to human services; modifying and establishing laws regarding disability services, aging services, and substance use disorder treatment services; modifying assisted living facility licensing standards; modernizing language in Deaf and Hard-of-Hearing Services Act; expanding application of bloodborne pathogen testing to nonsecure direct care and treatment programming; making technical corrections and repealing obsolete language; limiting rent increases in certain low-income rental projects receiving low-income housing tax credits; amending Minnesota Statutes 2022, sections 144A.20, subdivision 4; 144G.30, subdivision 5; 144G.45, subdivision 3; 148F.025, subdivision 2; 245A.11, subdivision 2; 245D.071, subdivisions 3, 4; 245D.081, subdivisions 2, 3; 245D.09, subdivision 3; 245D.091, subdivisions 3, 4; 245D.10, subdivision 1; 245F.02, subdivisions 17, 21; 245F.08, subdivision 3; 245F.15, subdivision 7; 245G.031, subdivision 2; 245G.04, by adding a subdivision; 245G.22, subdivision 6; 246.71, subdivisions 3, 4, 5; 246.711; 246.712, subdivisions 1, 2; 246.713; 246.714; 246.715, subdivisions 1, 2, 3; 246.716, subdivisions 1, 2, as amended; 246.717; 246.721, as amended; 246.722; 254A.03, subdivision 1; 256.975, subdivision 7e; 256B.0659, subdivision 17a; 256B.0759, subdivision 4; 256B.0911, subdivision 24; 256B.092, by adding a subdivision; 256B.49, by adding a subdivision; 256B.4905, subdivision 12; 256B.69, subdivision 5k, by adding a subdivision; 256B.85, subdivisions 2, 6, 6a, 7a, 11, 17, 20, by adding a subdivision; 256C.21; 256C.23, subdivisions 1a, 2, 2a, 2b, 2c, 6, 7, by adding a subdivision; 256C.233, subdivisions 1, 2; 256C.24, subdivisions 1, 2, 3; 256C.26; 256C.261; 256C.28, subdivision 1; 256R.08, subdivision 1, by adding a subdivision; 256S.205, subdivision 5, by adding a subdivision; 402A.16, subdivision 2; Minnesota Statutes 2023 Supplement, sections 245G.05, subdivision 3; 245G.09, subdivision 3; 245G.11, subdivision 10; 245G.22, subdivisions 2, 17; 254A.19, subdivision 3; 254B.04, subdivision 6, by adding a subdivision; 254B.05, subdivisions 1, 5; 254B.181, subdivision 1; 254B.19, subdivision 1; 256B.057, subdivision 9; 256B.0659, subdivision 24; 256B.0759, subdivision 2; 256B.4914, subdivisions 4, 10, 10a; 256B.85, subdivision 13a; Laws 2021, First Special Session chapter 7, article 11, section 38, as amended; article 13, section 75; Laws 2023, chapter 61, article 8, section 13, subdivision 2; repealing Minnesota Statutes 2022, sections 245G.011, subdivision 5; 245G.22, subdivisions 4, 7; 252.34; 256.01, subdivision 39; 256.975, subdivisions 7f, 7g; 256R.18.

There has been appointed as such committee on the part of the House:

Fischer, Frederick and Baker.

Senate File No. 4399 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 18, 2024

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 4772:

H.F. No. 4772: A bill for an act relating to elections; providing for policy and technical changes to elections and campaign finance provisions, including elections administration, campaign finance and lobbying, and census and redistricting; establishing the Minnesota Voting Rights Act; modifying the crime of using deep fakes to influence elections; requiring reports; amending Minnesota Statutes 2022, sections 10A.01, subdivision 33, by adding a subdivision; 123B.09, subdivision 5b; 201.071, subdivision 3; 204B.175; 204C.06, subdivision 1, by adding a subdivision; 204C.19, subdivision 3; 204C.20, subdivision 1, by adding a subdivision; 204C.33, subdivision 1; 204C.35, subdivisions 1, 2, by adding a subdivision; 204C.36, subdivisions 2, 3; 205.16, subdivisions 4, 5; 205A.05, subdivision 3; 205A.07, subdivisions 3, 3b; 205A.11, subdivision 2; 206.89, subdivisions 2, 3, 5, 6; 208.06; 208.44; 208.47; 211B.17, subdivision 1; 211B.18; 375.08; 412.02, subdivision 6, by adding a subdivision; 447.32, subdivision 3; Minnesota Statutes 2023 Supplement, sections 2.92, subdivision 4; 10A.01, subdivision 21; 10A.201, subdivisions 3, 4, 6, 9; 10A.202, subdivision 1; 200.02, subdivision 7; 201.061, subdivisions 3, 3a; 201.071, subdivision 1; 201.1611, subdivision 1; 203B.04, subdivision 1; 203B.07, subdivision 3; 203B.081, subdivision 4; 204B.09, subdivision 3; 204B.16, subdivision 1; 204B.295, subdivisions 1, 2, 3, by adding a subdivision; 204C.24, subdivision 1; 204C.33, subdivision 3; 205.16, subdivision 2; 206.61, subdivision 1; 609.771, subdivisions 2, 3, 4, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 2; 200; 241; 375; repealing Minnesota Statutes 2022, section 383B.031; Minnesota Statutes 2023 Supplement, section 10A.201, subdivision 11.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Freiberg, Greenman and Virnig have been appointed as such committee on the part of the House.

House File No. 4772 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 18, 2024

Senator Murphy moved that H.F. No. 4772 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 4757.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted April 18, 2024

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 4757: A bill for an act relating to cannabis; transferring enforcement of edible cannabinoid products to the Office of Cannabis Management; clarifying workplace testing for cannabis; making technical changes related to the taxation of cannabis and related products; replacing medical cannabis licenses with endorsements; establishing a petition process to designate cannabinoids as nonintoxicating or approved for use in lower-potency hemp edibles; authorizing lower-potency hemp edibles to contain certain artificially derived cannabinoids created in making delta-9 tetrahydrocannabinol; allowing testing of certain hemp products to be performed by labs meeting accreditation standards regardless of licensing status; authorizing patients enrolled in the registry program to obtain cannabis flower from registered designated caregivers; authorizing registered designated caregivers to cultivate cannabis plants on behalf of patients enrolled in the registry program; authorizing the Office of Cannabis Management to recall certain cannabis and related products; transferring the duties of the medical cannabis program to the Office of Cannabis Management on July 1, 2025; authorizing the appointment of deputy directors; clarifying the process for transfer of certain licenses; providing for license preapproval; removing the requirement that local governments perform certain inspections; removing the requirement that license applications be scored based on identified criteria and requiring that license applications be assessed based on certain minimum criteria; requiring employees of cannabis businesses to meet certain background check requirements; establishing social equity licenses; limiting the number of certain licenses that can be made available in an application period; providing for the conversion of a registration to sell certain hemp-derived products into a hemp business license; providing for a cannabis research license classification; authorizing the Office of Cannabis Management to adjust limits on cultivation area; permitting certain businesses to transport cannabis and related products between facilities operated by the business; replacing the prohibition on certain sales of lower-potency hemp products with a prohibition on selling to an obviously intoxicated person; providing for enforcement of unlicensed businesses engaging in activities that require a license; making technical and conforming changes; amending Minnesota Statutes 2022, sections 17.133, subdivision 1; 152.22, subdivisions 11, 14, by adding a subdivision; 152.25, subdivision 2; 152.27, subdivisions 1, 2, 3, 4, 6, by adding a subdivision; 152.28, subdivision 2; 152.29, subdivision 3; 181.950, subdivision 10; 181.952, as amended; Minnesota Statutes 2023 Supplement, sections 3.9224, subdivision 1; 151.72, subdivisions 1, 2, 3, 4, 5a, 5b, 6, 7; 152.28, subdivision 1; 152.30; 181.951, subdivisions 4, 5, 8; 181.954, subdivision 1; 342.01, subdivisions 14, 17, 19, 48, 50, 52, 54, 63, 64, 65, 66, by adding subdivisions; 342.02, subdivisions 2, 3, 6; 342.03, subdivisions 1, 4; 342.06; 342.07, subdivision 3; 342.09, subdivision 3; 342.10; 342.11; 342.12; 342.13; 342.14; 342.15, by adding a subdivision; 342.17; 342.18, subdivisions 2, 3, by adding subdivisions; 342.19, by adding a subdivision; 342.22; 342.24, subdivisions 1, 2; 342.28, subdivision 2, by adding subdivisions; 342.29, subdivision 4, by adding

a subdivision; 342.30, subdivision 4; 342.31, subdivision 4; 342.32, subdivision 4; 342.35, subdivision 1; 342.37, subdivision 1; 342.40, subdivision 7; 342.41, subdivision 3; 342.46, subdivision 8; 342.51; 342.515, subdivision 1, by adding a subdivision; 342.52, subdivisions 1, 2, 3, 4, 5, 9, 11; 342.53; 342.54; 342.55, subdivisions 1, 2; 342.56, subdivisions 1, 2; 342.57, subdivisions 1, 2, 4; 342.60; 342.61, subdivisions 1, 4, 5; 342.62, by adding a subdivision; 342.63, subdivisions 2, 3, 6; 342.64, subdivision 1; 342.73, subdivision 4; 342.80; Laws 2023, chapter 63, article 1, sections 2; 51; 52; 53; 54; 55; 56; 57; 58; 59; 61; article 6, sections 10; 73; proposing coding for new law in Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2022, sections 152.22, subdivision 3; 152.36; Minnesota Statutes 2023 Supplement, sections 342.01, subdivision 28; 342.18, subdivision 1; 342.27, subdivision 13; 342.29, subdivision 9; 342.47; 342.48; 342.49; 342.50; Laws 2023, chapter 63, article 7, sections 4; 6.

Referred to the Committee on Commerce and Consumer Protection.

REPORTS OF COMMITTEES

Senator Murphy moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 5430, 4643, and 4835. The motion prevailed.

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

S.F. No. 4312: A bill for an act relating to firearms; establishing standards for the safe storage of firearms and criminal penalties for failing to meet those standards; amending Minnesota Statutes 2022, section 609.666; Minnesota Statutes 2023 Supplement, section 624.713, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 13, delete "permanently"

Page 1, line 18, delete "tamperproof" and insert "tamper-resistant"

Page 1, line 20, after "ceiling," insert "including a closet,"

Page 2, line 1, delete everything after "is" and insert "used exclusively for: (1) the storage of firearms, ammunition, components of firearms or ammunition, or equipment for firearm-related activities including but not limited to reloading ammunition, gunsmithing, and firearm cleaning and maintenance; or (2) conducting firearm-related activities, including but not limited to reloading ammunition, gunsmithing and firearm cleaning and maintenance."

Page 2, delete line 2

Page 2, line 19, before "misdemeanor" insert "petty"

Page 3, line 1, after "while" insert "being"

Page 3, delete section 2 and insert:

"Sec. 2. DEPARTMENT OF CORRECTIONS; APPROPRIATION.

\$10,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of corrections for costs associated with this act. The base for this appropriation is \$19,000 beginning in fiscal year 2026."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "appropriating money;"

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

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

S.F. No. 5153: A bill for an act relating to public safety; requiring a report on gun trafficking investigations and firearm seizures by the Bureau of Criminal Apprehension and Violent Crime Enforcement Teams; amending the definition of trigger activator; increasing penalties for transferring firearms to certain persons who are ineligible to possess firearms; amending Minnesota Statutes 2022, section 624.7141; Minnesota Statutes 2023 Supplement, sections 299A.642, subdivision 15; 609.67, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, delete subdivision 4 and insert:

"Subd. 4. **Affirmative defense.** (a) As used in this subdivision:

(1) "family or household member" has the meaning given in section 518B.01, subdivision 2, paragraph (b); and

(2) "substantial emotional distress" has the meaning given in section 609.749, subdivision 2, paragraph (a).

(b) If proven by a preponderance of the evidence, it is an affirmative defense to a violation of this section that the defendant committed the violation only under compulsion by the transferee, who by explicit or implicit threats or other acts created a reasonable apprehension in the mind of the defendant that the refusal of the defendant to participate in the violation would result in the transferee inflicting substantial bodily harm, substantial emotional distress, or death on the defendant or a family or household member of the defendant.

(c) The court may consider any evidence of past domestic abuse, domestic or non-domestic assault, criminal sexual conduct, sexual extortion, sex trafficking, labor trafficking, harassment or stalking, or any other violent crime, or threats to commit any of these crimes by the transferee toward the defendant or another when determining the applicability of this subdivision. Past prosecution is not required for the court to consider evidence of these crimes. Nothing in this paragraph limits the court's authority to consider other relevant evidence when determining the applicability of this subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Champion from the Committee on Jobs and Economic Development, to which was referred

S.F. No. 5430: A bill for an act relating to employees; modifying paid leave provisions; amending Minnesota Statutes 2023 Supplement, sections 268B.01, subdivisions 3, 5, 8, 15, 23, 44, by adding subdivisions; 268B.04; 268B.06, subdivisions 3, 4, 5, by adding a subdivision; 268B.07, subdivisions 1, 2, 3; 268B.085, subdivision 3; 268B.09, subdivisions 1, 6, 7; 268B.10, subdivisions 1, 2, 3, 6, 12, 16, 17, by adding subdivisions; 268B.14, subdivisions 3, 7, by adding subdivisions; 268B.15, subdivision 7; 268B.155, subdivision 2; 268B.185, subdivision 2; 268B.19; 268B.26; 268B.27, subdivision 2; 268B.29; proposing coding for new law in Minnesota Statutes, chapter 268B; repealing Minnesota Statutes 2023 Supplement, sections 268B.06, subdivision 7; 268B.08; 268B.10, subdivision 11; 268B.14, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 5, line 10, after the semicolon, insert "or"

Page 5, line 12, after "other" insert "single" and after "state" insert "within the United States" and strike "Canada" and insert "United States territory or foreign nation"

Page 5, line 14, strike "; or" and insert a period

Page 5, strike lines 15 to 17

Page 5, after line 24, insert:

"(e) The commissioner may adopt rules in accordance with chapter 14 to:

(1) further define the application of this subdivision; and

(2) establish the criteria for covered employment for individuals that do not meet the criteria in paragraphs (a) and (b), but that perform services as an employee to a Minnesota employer."

Page 7, delete section 12 and insert:

"Sec. 12. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 27a. **Initial paid week.** "Initial paid week," except as provided in section 268B.04, subdivision 6, means the first seven days of a leave, which must be paid and is a payable period for leave types including family care, medical care related to pregnancy, serious health condition, qualifying exigency, or safety leave. For intermittent leave, initial paid week means seven consecutive or nonconsecutive, or a combination of consecutive and nonconsecutive, calendar days from the effective date of leave, of which only days when leave is taken are payable.

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

Page 7, line 23, reinstate the stricken "within the" and before "prior" insert "last two quarters"

Page 10, line 12, before "Except" insert "(a)"

Page 10, after line 15, insert

"(b) The initial paid week is only payable if the applicant submits documentation to the commissioner's satisfaction demonstrating that the applicant does not have at least 80 hours of paid vacation leave, paid sick leave, or other paid time off available to them from the employer from whom they are taking leave at the earlier of the effective date of application or the effective date of leave. For an applicant having an available leave balance of 80 hours or less, the program pays the first week in its entirety.

(c) The initial paid week is partially payable if the applicant submits documentation to the commissioner's satisfaction demonstrating that the applicant has more than 80 hours and less than 120 hours of paid vacation leave, paid sick leave, or other paid time off available to them from the employer from whom they are taking leave at the earlier of the effective date of application or the effective date of leave. The department shall prorate the initial paid week based on the applicant's leave balance, so as not to go below 80 available leave hours remaining at the end of the initial paid week.

(d) The requirements in paragraphs (b) and (c) do not apply to bonding leave."

Page 11, after line 9, insert:

"Sec. 15. Minnesota Statutes 2023 Supplement, section 268B.06, subdivision 2, is amended to read:

Subd. 2. **Seven-day qualifying event.** (a) The period for which an applicant is seeking benefits must be or have been based on a single event of at least seven calendar days' duration related to medical care related to pregnancy, family care, a qualifying exigency, safety leave, or the applicant's serious health condition. The days must be consecutive, unless the leave is intermittent. Subject to the requirements in section 268B.04, subdivision 6, the seven-day qualifying event under this paragraph is a payable period, not an unpaid waiting period.

(b) Benefits related to bonding need not meet the seven-day qualifying event requirement.

(c) The commissioner shall use the rulemaking authority under section 268B.02, subdivision 3, to adopt rules regarding what serious health conditions and other events are prospectively presumed to constitute seven-day qualifying events under this chapter.

EFFECTIVE DATE. This section is effective November 1, 2025."

Page 16, line 24, after "final" insert ", unless the appealing party can demonstrate good cause for failing to file in a timely manner. For purposes of this paragraph, "good cause" is a reason that would have prevented a reasonable person acting with due diligence from filing in a timely manner. Unless otherwise specified, deadlines in this section may be extended up to 60 days for good cause"

Page 17, after line 2, insert:

"(2) within 30 calendar days after an eligibility determination sent by the department related to seasonal employment status under section 268B.06, subdivision 9;"

Page 17, after line 7, insert:

"(4) within 30 calendar days after the denial of a good cause demonstration under subdivision 1, paragraph (e). The deadline for appeals of denials of good cause demonstration may not be extended;"

Page 17, after line 14, insert:

"(1) within 30 calendar days after a denial of an application for seasonal worker status under section 268B.01, subdivision 35;"

Page 29, lines 20 to 27, reinstate the stricken language

Page 40, delete section 38 and insert:

"Sec. 39. Minnesota Statutes 2023 Supplement, section 268B.14, is amended by adding a subdivision to read:

Subd. 5a. **Small employer premium rate.** (a) Small employers are eligible for the premium rates provided by this subdivision if the employer:

(1) has 30 or fewer employees pursuant to subdivision 5b of this section; and

(2) the average wage for that employer as calculated in subdivision 5c is less than or equal to 150 percent of the state's average wage in covered employment for the basis period.

(b) The premium rate for small employers eligible under this subdivision is 75 percent of the annual premium rate calculated in subdivisions 6 and 7, as follows:

(1) employers must pay a minimum of 25 percent of the rate calculated in subdivisions 6 and 7. Employers shall not deduct from any employees' pay to fund the employer portion of the premium; and

(2) employees must pay the remaining portion due under this subdivision, if any, of the premium not paid by the employer. The employer must make wage deductions as necessary under this subdivision to fund the employee portion of the premium."

Page 42, line 15, delete "2026" and insert "2024"

Page 42, line 20, delete "other" and after the period, insert "A copy of the actuarial study must be provided promptly to the chairs and ranking minority members of the legislative committees with jurisdiction over this chapter. The actuarial study must also be filed with the Legislative Reference Library in compliance with section 3.195."

Page 43, line 7, delete "January 1, 2026" and insert "the day following final enactment"

Page 47 line 20, reinstate "and related" and delete the new language and insert "policies"

Page 47, line 21, delete the new language

Renumber the clauses and sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Commerce and Consumer Protection.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Fateh from the Committee on Higher Education, to which was referred

S.F. No. 5326: A bill for an act relating to higher education; providing for funding and related policy changes to certain licensure and grant provisions; establishing fees; appropriating money; amending Minnesota Statutes 2022, sections 136A.69, subdivision 1; 136A.824, subdivisions 1, 2; Laws 2022, chapter 42, section 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. Laws 2022, chapter 42, section 2, is amended to read:

Sec. 2. APPROPRIATION; ALS RESEARCH.

(a) ~~\$20,000,000~~ \$396,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of the Office of Higher Education to award competitive grants to applicants for research into amyotrophic lateral sclerosis (ALS). The commissioner may work with the Minnesota Department of Health to administer the grant program, including identifying clinical and translational research and innovations, developing outcomes and objectives with the goal of bettering the lives of individuals with ALS and finding a cure for the disease, and application review and grant recipient selection. Not more than \$400,000 may be used by the commissioner to administer the grant program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2026.

(b) \$19,604,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of the Office of Higher Education to award competitive grants to applicants for research into amyotrophic lateral sclerosis (ALS). The commissioner may work with the Minnesota Department of Health to administer the grant program, including identifying clinical and translational research and innovations, developing outcomes and objectives with the goal of bettering the lives of individuals with ALS and finding a cure for the disease, and application review and grant recipient selection. Up to \$15,000,000 may be used by the commissioner for grants to the Amyotrophic Lateral Sclerosis Association, Never Surrender, or other similar organizations to award and administer competitive grants to applicants for research into ALS under this section. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2029.

~~(b)~~ (c) Grants shall be awarded to support clinical and translational research related to ALS. Research topics may include but are not limited to environmental factors, disease mechanisms,

disease models, biomarkers, drug development, clinical studies, precision medicine, medical devices, assistive technology, and cognitive studies.

~~(e)~~ (d) Eligible applicants for the grants are research facilities, universities, and health systems located in Minnesota. Applicants must submit proposals to the commissioner in the time, form, and manner established by the commissioner. Applicants may coordinate research endeavors and submit a joint application. When reviewing the proposals, the commissioner shall make an effort to avoid approving a grant for an applicant whose research is duplicative of an existing grantee's research.

~~(d)~~ (e) Beginning January 15, 2023, and annually thereafter until January 15, ~~2027~~ 2030, the commissioner shall submit a report to the legislature specifying the applicants receiving grants under this section, the amount of each grant, the purposes for which the grant funds were used, and the amount of the appropriation that is unexpended. The report must also include relevant findings, results, and outcomes of the grant program, and any other information which the commissioner deems significant or useful.

~~(e) This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2026.~~

Sec. 2. Laws 2023, chapter 41, article 1, section 2, subdivision 36, is amended to read:

Subd. 36. Fostering Independence Higher Education Grants	4,247,000	4,416,000 <u>9,456,000</u>
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~~\$4,247,000~~ the first year and ~~\$4,416,000~~ \$9,456,000 the second year are for grants to eligible students under Minnesota Statutes, section 136A.1241. The Office of Higher Education may use no more than three percent of the appropriation to administer grants. The base for this appropriation is \$4,416,000 for fiscal year 2026 and thereafter.

Sec. 3. Laws 2023, chapter 41, article 1, section 2, subdivision 49, as amended by Laws 2024, chapter 85, section 111, is amended to read:

Subd. 49. North Star Promise	-0-	117,226,000 <u>112,186,000</u>
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~~\$117,226,000~~ \$112,186,000 the second year is transferred from the general fund to the account in the special revenue fund under Minnesota Statutes, section 136A.1465, subdivision 8. The base for the transfer is \$49,500,000 in fiscal year 2026 and thereafter.

Sec. 4. Laws 2023, chapter 41, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. Operations and Maintenance

686,558,000

676,294,000

(a) \$15,000,000 in fiscal year 2024 and \$15,000,000 in fiscal year 2025 are to: (1) increase the medical school's research capacity; (2) improve the medical school's ranking in National Institutes of Health funding; (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; (4) invest in physician training programs in rural and underserved communities; and (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

(b) \$7,800,000 in fiscal year 2024 and \$7,800,000 in fiscal year 2025 are for health training restoration. This appropriation must be used to support all of the following: (1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine; (2) the Mobile Dental Clinic; and (3) expansion of geriatric education and family programs.

(c) \$4,000,000 in fiscal year 2024 and \$4,000,000 in fiscal year 2025 are for the Minnesota Discovery, Research, and InnoVation Economy funding program for cancer care research.

(d) \$500,000 in fiscal year 2024 and \$500,000 in fiscal year 2025 are for the University of Minnesota, Morris branch, to cover the costs of tuition waivers under Minnesota Statutes, section 137.16.

(e) \$5,000,000 in fiscal year 2024 and \$5,000,000 in fiscal year 2025 are for systemwide safety and security measures on University of Minnesota campuses. The base amount for this appropriation is \$1,000,000 in fiscal year 2026 and later.

(f) \$366,000 in fiscal year 2024 and \$366,000 in fiscal year 2025 are for unemployment insurance aid under Minnesota Statutes, section 268.193.

(g) \$10,000,000 the first year is for programs at the University of Minnesota Medical School ~~Campus on the~~ CentraCare Health System Campus in St. Cloud. This appropriation may be used for tuition support, ~~a residency program, a rural health research program, a program to target scholarships to students from diverse backgrounds, and a scholarship program targeted at students who will practice in rural areas~~ including a scholarship endowment fund targeted at students who will practice in rural areas and targeted at students from diverse backgrounds; costs associated with opening and operating a new regional campus; costs associated with the expansion of a residency program; and costs associated with starting and operating a rural health research program. This appropriation is available until June 30, 2027, and must be spent ~~on~~ for activities on or associated with the CentraCare Health System Campus in the greater St. Cloud area. This is a onetime appropriation.

(h) \$374,000 the first year and \$110,000 the second year are to pay the cost of supplies and equipment necessary to provide access to menstrual products for purposes of article 2, section 2.

(i) The total operations and maintenance base for fiscal year 2026 and later is \$672,294,000.

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

Sec. 5. APPROPRIATION; KIDS ON CAMPUS INITIATIVE.

\$500,000 in fiscal year 2025 is appropriated from the general fund to the Board of Trustees of the Minnesota State Colleges and Universities to participate in the Kids on Campus initiative with the National Head Start Association and the Association of Community College Trustees. This appropriation may be used for a temporary statewide project coordinator, stipends to campuses and

Head Start centers where letters of intent to officially form a partnership have been signed, engaging with local Head Start programs, and other costs associated with creating campus Head Start partnerships. Stipends shall be used to support the formation of parenting student advisory panels to gather perspective and feedback on proposed partnerships. The duties of the temporary statewide project coordinator include assessing the feasibility of partnerships between Minnesota State Colleges and Universities campuses and Head Start programs across the state, consulting with the Minnesota Head Start Association and existing Head Start partnership programs to develop best practices, working with campus-based navigators for parenting students to provide resources for financial aid and basic needs support to Head Start programs, and developing strategies to grow the early childhood care and education workforce through partnerships between Head Start programs and early childhood degree and certificate programs. This is a onetime appropriation and is available until June 30, 2026.

ARTICLE 2

HIGHER EDUCATION POLICY

Section 1. [135A.062] CONSIDERATION OF CRIMINAL RECORDS LIMITED.

Subdivision 1. **Applicability.** This section applies to postsecondary institutions under section 136A.155, except that the Board of Regents of the University of Minnesota is requested to comply with this section.

Subd. 2. **Definition.** As used in this section, "a violent felony or sexual assault" includes a felony-level violation or attempted violation of section 609.185; 609.19; 609.195; 609.20; 609.221; 609.2242, subdivision 4; 609.2247; 609.245, subdivision 1; 609.247, subdivision 2; 609.282; 609.322; 609.342; 609.343; 609.344; 609.345; 609.3451; 609.3458; 609.561, subdivision 1 or 2; 609.582, subdivision 1; 609.66, subdivision 1e; or 609.749.

Subd. 3. **Consideration of criminal records limited.** A postsecondary institution may not inquire into, consider, or require disclosure of the criminal record or criminal history of an applicant for admission. After a postsecondary institution has made an offer of admission, the postsecondary institution may inquire into, consider, or require disclosure of a conviction that occurred within the previous five years for a violent felony or sexual assault. The postsecondary institution must provide the applicant with an opportunity to submit an explanatory statement, letters of recommendation, evidence of rehabilitation, and any other supporting documents. The institution must provide clear and detailed instructions and guidance to applicants related to what criminal history requires disclosure. The institution must not require the applicant to provide official records of criminal history. A postsecondary institution that rescinds an offer of admission must:

- (1) provide an explanation of the basis for the decision to rescind the offer of admission; and
- (2) provide the applicant with an opportunity to appeal the decision to rescind.

Subd. 4. **Other information.** This section shall not prohibit or limit a postsecondary institution from inquiring about student conduct records at the applicant's prior postsecondary institution after making an offer of admission. This section shall not prohibit or limit a postsecondary institution from inquiring about a student's ability to meet licensure requirements in a professional program after making an offer of admission.

Subd. 5. **Limitation on admissibility.** (a) A postsecondary institution that complies with this section is immune from liability in a civil action arising out of the institution's decision to admit a student with a criminal history or the institution's failure to conduct a criminal background check.

(b) Nothing in this section creates or establishes a legal duty upon a postsecondary institution to inquire into or require disclosure of the criminal history or criminal convictions of a student or an applicant for admission.

Sec. 2. Minnesota Statutes 2022, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$1,300,000,000~~ \$2,000,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 3. Minnesota Statutes 2022, section 136A.69, subdivision 1, is amended to read:

Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge the fees listed in paragraphs (b) ~~and (c)~~ to (d) for new registrations.

(b) A new school offering no more than one degree at each level during its first year must pay registration fees for each applicable level in the following amounts:

associate degree	\$2,000
baccalaureate degree	\$2,500
master's degree	\$3,000
doctorate degree	\$3,500

(c) A new school that will offer more than one degree per level during its first year must pay registration fees in an amount equal to the fee for the first degree at each degree level under paragraph (b), plus fees for each additional nondegree program or degree as follows:

nondegree program	\$250
additional associate degree	\$250
additional baccalaureate degree	\$500
additional master's degree	\$750
additional doctorate degree	\$1,000

(d) In addition to the fees under paragraphs (b) and (c), a fee of \$600 must be paid for an initial application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or registration requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the school seeks to continue with the application process with additional application submissions. If this fee is paid, the school may submit two final application submissions for review prior to application denial under section 136A.65, subdivision 8. This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate

substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

~~(d)~~ (e) The annual renewal registration fee is \$1,500.

(f) In addition to the fee under paragraph (e), a fee of \$600 must be paid for a renewal application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or registration requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the school seeks to continue with the application process with additional application submissions. If this fee is paid, the school may submit two final application submissions for review prior to application denial under section 136A.65, subdivision 8. This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

Sec. 4. **[136A.786] INCARCERATED STUDENT AID BORROWERS.**

The commissioner of corrections shall collect information upon intake about incarcerated persons who have self-identified as federal student aid borrowers. The commissioner of corrections shall relay this information to the commissioner of higher education. The commissioner of corrections, in consultation with the commissioner of higher education, shall develop a plan by December 1, 2024, to assist incarcerated persons in enrolling in a federal income-driven repayment plan in which there are no monthly payments or accrual of interest for borrowers with earnings below the federal poverty guidelines.

Sec. 5. Minnesota Statutes 2022, section 136A.824, subdivision 1, is amended to read:

Subdivision 1. **Initial licensure fee.** (a) The office processing fee for an initial licensure application is:

(1) \$2,500 for a private career school that will offer no more than one program during its first year of operation;

(2) \$750 for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, or licensed exclusively in order to participate in state grant or SELF loan financial aid programs; and

(3) \$2,500, plus \$500 for each additional program offered by the private career school, for a private career school during its first year of operation.

(b) In addition to the fee under paragraph (a), a fee of \$600 must be paid for an initial application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or licensure requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the private career school seeks to continue with the application process with additional application submissions. If this fee is paid, the private career school may submit two final application submissions for review prior to application denial under section 136A.829, subdivision 1, clause (2). This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school,

that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

Sec. 6. Minnesota Statutes 2022, section 136A.824, subdivision 2, is amended to read:

Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a renewal licensure application is:

(1) for a private career school that offers one program, the license renewal fee is \$1,150;

(2) for a private career school that offers more than one program, the license renewal fee is \$1,150, plus \$200 for each additional program with a maximum renewal licensing fee of \$2,000;

(3) for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, the license renewal fee is \$750; and

(4) for a private career school licensed by another state agency and also licensed with the office exclusively in order to participate in state student aid programs, the license renewal fee is \$750.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of \$100 per business day, not to exceed \$3,000, shall be assessed.

(c) In addition to the fee under paragraph (a), a fee of \$600 must be paid for a renewal application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or licensure requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the private career school seeks to continue with the application process with additional application submissions. If this fee is paid, the private career school may submit two final application submissions for review prior to application denial under section 136A.829, subdivision 1, clause (2). This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

Sec. 7. **[241.267] PRISON EDUCATION PARTNERSHIPS.**

The commissioner may not enter into an agreement or establish a prison education partnership with a higher education institution that:

(1) is organized as a private for-profit postsecondary institution as described in section 136A.62, subdivision 3, clause (2), item (ii); or

(2) charges incarcerated students a higher per-credit rate than the rate for nonincarcerated students.

Sec. 8. **[244.60] SUPERVISED RELEASE EMPLOYMENT REQUIREMENT; POSTSECONDARY EDUCATION.**

If the commissioner of corrections imposes a requirement on a person placed on supervised release that the person work or be employed, the commissioner shall provide that enrollment and participation in postsecondary education satisfies this requirement.

Sec. 9. **REPEALER.**

Minnesota Statutes 2022, sections 241.265; and 609B.311, are repealed."

Amend the title as follows:

Page 1, line 3, after the first semicolon, insert "prohibiting postsecondary institutions from considering certain criminal records during the application process; providing that postsecondary education participation satisfies employment requirements for persons on postprison supervised release; providing funds related to child care;"

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Hoffman from the Committee on Human Services, to which was referred

S.F. No. 5335: A bill for an act relating to human services; the governor's budget bill for human services; modifying provisions related to aging, disability services, substance use disorder treatment, and the Department of Direct Care and Treatment; making technical changes to human services law; establishing a human services contingency fund; adjusting appropriations for forecasted programs; appropriating money; amending Minnesota Statutes 2022, sections 13.46, subdivisions 1, 10; 145.61, subdivision 5; 246.018, subdivision 3; 246.13, subdivision 2; 256.88; 256.89; 256.90; 256.91; 256.92; 256B.0911, subdivision 20; 256B.0913, subdivision 5a; 256B.69, subdivision 4; 256S.205, subdivisions 2, 3, 5; Minnesota Statutes 2023 Supplement, sections 10.65, subdivision 2; 13.46, subdivision 2; 15.01; 15.06, subdivision 1; 15A.082, subdivisions 1, 3, 7; 43A.08, subdivisions 1, 1a; 246C.01; 246C.02; 246C.04; 246C.05; 256.042, subdivision 2; 256.043, subdivision 3; 256B.0911, subdivision 13; 256B.0913, subdivision 5; 256R.55, subdivision 9; Laws 2023, chapter 61, article 4, section 11; article 8, sections 1; 2; 3; 8; article 9, section 2, subdivision 16, as amended; proposing coding for new law in Minnesota Statutes, chapters 246C; 256; 256B; 256S; repealing Minnesota Statutes 2022, sections 246.01; 246.12; 246.234; 246.36; 246.41; 256S.205, subdivision 4; Minnesota Statutes 2023 Supplement, section 246C.03.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DISABILITY SERVICES

Section 1. Minnesota Statutes 2023 Supplement, section 13.46, subdivision 2, as amended by Laws 2024, chapter 80, article 8, section 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

- (1) according to section 13.05;
- (2) according to court order;
- (3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to ~~assess parental contribution amounts for purposes of section 252.27, subdivision 2a,~~ administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security or individual taxpayer identification numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services; the Department of Employment and Economic Development; the Department of Children, Youth, and Families; and, when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of Supplemental Nutrition Assistance

Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security or individual taxpayer identification numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security or individual taxpayer identification number, and, if available, photograph of any member of a household receiving SNAP benefits shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on

income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services; Children, Youth, and Families; and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services; Department of Children, Youth, and Families; Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c); Department of Health; Department of Employment and Economic Development; and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Children, Youth, and Families operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for substance use disorder may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. Minnesota Statutes 2022, section 245.821, subdivision 1, is amended to read:

Subdivision 1. **Notice required.** Notwithstanding any law to the contrary, no private or public facility for the treatment, housing, or counseling of more than five persons with mental illness, physical disability, developmental disability, ~~as defined in section 252.27, subdivision 1a~~, substance use disorder, or another form of dependency, nor any correctional facility for more than five persons, shall be established without 30 days' written notice to the affected municipality or other political subdivision.

Sec. 3. Minnesota Statutes 2022, section 245.825, subdivision 1, is amended to read:

Subdivision 1. **Rules governing aversive and deprivation procedures.** The commissioner of human services shall by October, 1983, promulgate rules governing the use of aversive and deprivation procedures in all licensed facilities and licensed services serving persons with developmental disabilities, ~~as defined in section 252.27, subdivision 1a~~. No provision of these rules shall encourage or require the use of aversive and deprivation procedures. The rules shall prohibit: (1) the application of certain aversive and deprivation procedures in facilities except as authorized and monitored by the commissioner; (2) the use of aversive and deprivation procedures that restrict the consumers' normal access to nutritious diet, drinking water, adequate ventilation, necessary medical care, ordinary hygiene facilities, normal sleeping conditions, and necessary clothing; and (3) the use of faradic shock without a court order. The rule shall further specify that consumers may

not be denied ordinary access to legal counsel and next of kin. In addition, the rule may specify other prohibited practices and the specific conditions under which permitted practices are to be carried out. For any persons receiving faradic shock, a plan to reduce and eliminate the use of faradic shock shall be in effect upon implementation of the procedure.

Sec. 4. Minnesota Statutes 2022, section 245A.11, subdivision 2a, is amended to read:

Subd. 2a. **Adult foster care and community residential setting license capacity.** (a) The commissioner shall issue adult foster care and community residential setting licenses with a maximum licensed capacity of four beds, including nonstaff roomers and boarders, except that the commissioner may issue a license with a capacity of five beds, including roomers and boarders, according to paragraphs (b) to (g).

(b) The license holder may have a maximum license capacity of five if all persons in care are age 55 or over and do not have a serious and persistent mental illness or a developmental disability.

(c) The commissioner may grant variances to paragraph (b) to allow a facility with a licensed capacity of up to five persons to admit an individual under the age of 55 if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located.

(d) The commissioner may grant variances to paragraph (a) to allow the use of an additional bed, up to six, for emergency crisis services for a person with serious and persistent mental illness or a developmental disability, regardless of age, if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located.

(e) The commissioner may grant a variance to paragraph (b) to allow for the use of an additional bed, up to six, for respite services, as defined in section 245A.02, for persons with disabilities, regardless of age, if the variance complies with sections 245A.03, subdivision 7, and 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located. Respite care may be provided under the following conditions:

(1) staffing ratios cannot be reduced below the approved level for the individuals being served in the home on a permanent basis;

(2) no more than two different individuals can be accepted for respite services in any calendar month and the total respite days may not exceed 120 days per program in any calendar year;

(3) the person receiving respite services must have his or her own bedroom, which could be used for alternative purposes when not used as a respite bedroom, and cannot be the room of another person who lives in the facility; and

(4) individuals living in the facility must be notified when the variance is approved. The provider must give 60 days' notice in writing to the residents and their legal representatives prior to accepting the first respite placement. Notice must be given to residents at least two days prior to service initiation, or as soon as the license holder is able if they receive notice of the need for respite less than two days prior to initiation, each time a respite client will be served, unless the requirement for this notice is waived by the resident or legal guardian.

(f) The commissioner may issue an adult foster care or community residential setting license with a capacity of five adults if the fifth bed does not increase the overall statewide capacity of licensed adult foster care or community residential setting beds in homes that are not the primary residence of the license holder, as identified in a plan submitted to the commissioner by the county, when the capacity is recommended by the county licensing agency of the county in which the facility is located and if the recommendation verifies that:

(1) the facility meets the physical environment requirements in the adult foster care licensing rule;

(2) the five-bed living arrangement is specified for each resident in the resident's:

(i) individualized plan of care;

(ii) individual service plan under section 256B.092, subdivision 1b, if required; or

(iii) individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required;

(3) the license holder obtains written and signed informed consent from each resident or resident's legal representative documenting the resident's informed choice to remain living in the home and that the resident's refusal to consent would not have resulted in service termination; and

(4) the facility was licensed for adult foster care before March 1, 2016.

(g) The commissioner shall not issue a new adult foster care license under paragraph (f) after December 31, 2020. The commissioner shall allow a facility with an adult foster care license issued under paragraph (f) before December 31, 2020, to continue with a capacity of five adults if the license holder continues to comply with the requirements in paragraph (f).

(h) The commissioner may issue an adult foster care or community residential setting license with a capacity of five or six adults to facilities meeting the criteria in section 245A.03, subdivision 7, paragraph (a), clause (5).

~~(h)~~ (i) Notwithstanding Minnesota Rules, part 9520.0500, adult foster care and community residential setting licenses with a capacity of up to six adults as allowed under this subdivision are not required to be licensed as an adult mental health residential program according to Minnesota Rules, parts 9520.0500 to 9520.0670.

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

Sec. 5. [245D.13] OUT-OF-HOME RESPITE SERVICES FOR CHILDREN.

Subdivision 1. Licensed setting required. A license holder with a home and community-based services license providing out-of-home respite services for children must do so only in a licensed setting, unless exempt under subdivision 2.

Subd. 2. Exemption from licensed setting requirement. (a) A license holder with a home and community-based services license may provide out-of-home respite services for children in an unlicensed residential setting if:

(1) the child has not been placed in foster care under Minnesota Rules, part 9560.0529;

(2) all background studies are completed according to the requirements in chapter 245C;

(3) a child's case manager conducts and documents an assessment of the residential setting and its environment before services are provided and at least once each calendar year thereafter if services continue to be provided at that residence. The assessment must ensure that the setting is suitable for the child receiving respite services. The assessment must be conducted and documented in the manner prescribed by the commissioner;

(4) the child's legal representative visits the residence and signs and dates a statement authorizing services in the residence before services are provided and at least once each calendar year thereafter if services continue to be provided at that residence;

(5) the services are provided in a residential setting that is not licensed to provide any other licensed services;

(6) the services are provided to no more than four children at any one time. Each child must have an individual bedroom, with the exception of two siblings who may share a bedroom;

(7) services are not provided to children and adults over the age of 21 in the same residence at the same time;

(8) services are not provided to a single family for more than 46 calendar days in a calendar year and no more than ten consecutive days;

(9) the license holder's license was not made conditional, suspended, or revoked during the previous 24 months; and

(10) each individual in the residence at the time services are provided, other than individuals receiving services, is an employee, as defined under section 245C.02, of the license holder and has had a background study completed under chapter 245C. No other household members or other individuals may be present in the residence while services are provided.

(b) A child may not receive out-of-home respite services in more than two unlicensed residential settings in a calendar year.

(c) The license holder must ensure the requirements in this section are met.

Subd. 3. **Documentation requirements.** The license holder must maintain documentation of the following:

(1) background studies completed under chapter 245C;

(2) service recipient records indicating the calendar dates and times when services were provided;

(3) the case manager's initial residential setting assessment and each residential assessment completed thereafter; and

(4) the legal representative's approval of the residential setting before services are provided and each year thereafter.

Sec. 6. Minnesota Statutes 2022, section 246.511, as amended by Laws 2024, chapter 79, article 2, section 39, is amended to read:

246.511 RELATIVE RESPONSIBILITY.

Except for substance use disorder services paid for with money provided under chapter 254B, the executive board must not require under section 246.51 a client's relatives to pay more than the following: (1) for services provided in a community-based service, the noncovered cost of care as determined under the ability to pay determination; and (2) for services provided at a regional treatment center operated by state-operated services, 20 percent of the cost of care, unless the relatives reside outside the state. The executive board must determine the responsibility of parents of children in state facilities to pay according to ~~section 252.27, subdivision 2, or in~~ rules adopted under chapter 254B if the cost of care is paid under chapter 254B. The executive board may accept voluntary payments in excess of 20 percent. The executive board may require full payment of the full per capita cost of care in state facilities for clients whose parent, parents, spouse, guardian, or conservator do not reside in Minnesota.

Sec. 7. Minnesota Statutes 2022, section 252.27, subdivision 2b, is amended to read:

Subd. 2b. ~~Child's responsibility~~ **Parental or guardian reimbursement to counties.** (a) Parental or guardian responsibility of for the child for the child's cost of care incurred by counties shall be up to the maximum amount of the total income and resources attributed to the child except for the clothing and personal needs allowance as provided in section 256B.35, subdivision 1. Reimbursement by the parents ~~and child~~ or guardians residing outside of Minnesota shall be made to the county making any payments for services. The county board may require payment of the full cost of caring for children whose parents or guardians do not reside in this state.

(b) To the extent that a child described in subdivision 1 is eligible for benefits under chapter 62A, 62C, 62D, 62E, or 64B, the county is not liable for the cost of services.

Sec. 8. Minnesota Statutes 2022, section 252.282, subdivision 1, is amended to read:

Subdivision 1. **Host county responsibility.** (a) ~~For purposes of this section, "local system needs planning" means the determination of need for ICF/DD services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.~~

~~(b)~~ (a) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

~~(c)~~ (b) In collaboration with the commissioner and ICF/DD providers, counties shall complete a local system needs planning process for each ICF/DD facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

~~(d)~~ (c) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

~~(e)~~ (d) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/DD services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing; or

(4) modification of existing services for which a change in the framework of service delivery is advocated.

Sec. 9. Minnesota Statutes 2022, section 252.282, is amended by adding a subdivision to read:

Subd. 1a. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Local system needs planning" means the determination of need for ICF/DD services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.

(c) "Related condition" has the meaning given in section 256B.02, subdivision 11.

Sec. 10. Minnesota Statutes 2022, section 256B.02, subdivision 11, is amended to read:

Subd. 11. **Related condition.** "Related condition" means ~~that condition defined in section 252.27, subdivision 1a~~ a condition:

(1) that is found to be closely related to a developmental disability, including but not limited to cerebral palsy, epilepsy, autism, fetal alcohol spectrum disorder, and Prader-Willi syndrome; and

(2) that meets all of the following criteria:

(i) is severe and chronic;

(ii) results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with developmental disabilities;

(iii) requires treatment or services similar to those required for persons with developmental disabilities;

(iv) is manifested before the person reaches 22 years of age;

(v) is likely to continue indefinitely;

(vi) results in substantial functional limitations in three or more of the following areas of major life activity:

(A) self-care;

(B) understanding and use of language;

(C) learning;

(D) mobility;

(E) self-direction; or

(F) capacity for independent living; and

(vii) is not attributable to mental illness as defined in section 245.462, subdivision 20, or an emotional disturbance as defined in section 245.4871, subdivision 15. For purposes of this item, notwithstanding section 245.462, subdivision 20, or 245.4871, subdivision 15, "mental illness" does not include autism or other pervasive developmental disorders.

Sec. 11. Minnesota Statutes 2023 Supplement, section 256B.073, subdivision 3, is amended to read:

Subd. 3. **Requirements.** (a) In developing implementation requirements for electronic visit verification, the commissioner shall ensure that the requirements:

- (1) are minimally administratively and financially burdensome to a provider;
- (2) are minimally burdensome to the service recipient and the least disruptive to the service recipient in receiving and maintaining allowed services;
- (3) consider existing best practices and use of electronic visit verification;
- (4) are conducted according to all state and federal laws;
- (5) are effective methods for preventing fraud when balanced against the requirements of clauses (1) and (2); and
- (6) are consistent with the Department of Human Services' policies related to covered services, flexibility of service use, and quality assurance.

(b) The commissioner shall make training available to providers on the electronic visit verification system requirements.

(c) The commissioner shall establish baseline measurements related to preventing fraud and establish measures to determine the effect of electronic visit verification requirements on program integrity.

(d) The commissioner shall make a state-selected electronic visit verification system available to providers of services.

(e) The commissioner shall make available and publish on the agency website the name and contact information for the vendor of the state-selected electronic visit verification system and the other vendors that offer alternative electronic visit verification systems. The information provided

must state that the state-selected electronic visit verification system is offered at no cost to the provider of services and that the provider may choose an alternative system that may be at a cost to the provider.

(f) The commissioner must make data access through direct electronic means available to all vendors of electronic visit verification systems offered in the state. The commissioner must make the data available to the same extent and on the same terms to all vendors, regardless of whether the vendor is providing the state-selected electronic verification system or providing an alternative system at a cost to the provider.

Sec. 12. Minnesota Statutes 2022, section 256B.073, subdivision 4, is amended to read:

Subd. 4. **Provider requirements.** (a) A provider of services may select any electronic visit verification system that meets the requirements established by the commissioner.

(b) All electronic visit verification systems used by providers to comply with the requirements established by the commissioner must provide data to the commissioner in a format and at a frequency to be established by the commissioner.

(c) Providers must implement the electronic visit verification systems required under this section by a date established by the commissioner to be set after the state-selected electronic visit verification systems for personal care services and home health services are in production. For purposes of this paragraph, "personal care services" and "home health services" have the meanings given in United States Code, title 42, section 1396b(1)(5). Reimbursement rates for providers must not be reduced as a result of federal action to reduce the federal medical assistance percentage under the 21st Century Cures Act, Public Law 114-255.

(d) For services provided in the service provider's own home, a service provider may electronically document the services on a weekly basis provided the documentation contains the elements listed under subdivision 2, paragraph (b), clauses (1) to (6).

Sec. 13. Minnesota Statutes 2022, section 256B.0911, subdivision 12, is amended to read:

Subd. 12. **Exception to use of MnCHOICES assessment; contracted assessors.** ~~(a)~~ A lead agency that has not implemented MnCHOICES assessments and uses contracted assessors as of January 1, 2022, is not subject to the requirements of subdivisions 11, clauses (7) to (9); 13; 14, paragraphs (a) to (c); 16 to 21; 23; 24; and 29 to 31.

~~(b) This subdivision expires upon statewide implementation of MnCHOICES assessments. The commissioner shall notify the revisor of statutes when statewide implementation has occurred.~~

Sec. 14. Minnesota Statutes 2023 Supplement, section 256B.0911, subdivision 13, is amended to read:

Subd. 13. **MnCHOICES assessor qualifications, training, and certification.** (a) The commissioner shall develop and implement a curriculum and an assessor certification process.

(b) MnCHOICES certified assessors must:

(1) either have a bachelor's degree in social work, nursing with a public health nursing certificate, or other closely related field or be a registered nurse ~~with at least two years of home and community-based experience~~; and

(2) have received training and certification specific to assessment and consultation for long-term care services in the state.

(c) Certified assessors shall demonstrate best practices in assessment and support planning, including person-centered planning principles, and have a common set of skills that ensures consistency and equitable access to services statewide.

(d) Certified assessors must be recertified every three years.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 256B.0911, subdivision 17, is amended to read:

Subd. 17. **MnCHOICES assessments.** (a) A person requesting long-term care consultation services must be visited by a long-term care consultation team within 20 ~~calendar~~ working days after the date on which an assessment was requested or recommended. Assessments must be conducted according to this subdivision and subdivisions 19 to 21, 23, 24, and 29 to 31.

(b) Lead agencies shall use certified assessors to conduct the assessment.

(c) For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(d) The lead agency must use the MnCHOICES assessment provided by the commissioner to complete a comprehensive, conversation-based, person-centered assessment. The assessment must include the health, psychological, functional, environmental, and social needs of the individual necessary to develop a person-centered assessment summary that meets the individual's needs and preferences.

(e) Except as provided in subdivision 24, an assessment must be conducted by a certified assessor in an in-person conversational interview with the person being assessed.

Sec. 16. Minnesota Statutes 2022, section 256B.0911, subdivision 20, is amended to read:

Subd. 20. **MnCHOICES assessments; duration of validity.** (a) An assessment that is completed as part of an eligibility determination for multiple programs for the alternative care, elderly waiver, developmental disabilities, community access for disability inclusion, community alternative care, and brain injury waiver programs under chapter 256S and sections 256B.0913, 256B.092, and 256B.49 is valid to establish service eligibility for no more than ~~60 calendar~~ 365 days after the date of the assessment.

(b) The effective eligibility start date for programs in paragraph (a) can never be prior to the date of assessment. ~~If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated and documented in the department's Medicaid Management Information System (MMIS).~~ Notwithstanding retroactive medical assistance coverage of state plan services, the effective date

of eligibility for programs included in paragraph (a) cannot be prior to the completion date of the most recent updated assessment.

~~(e) If an eligibility update is completed within 90 days of the previous assessment and documented in the department's Medicaid Management Information System (MMIS), the effective date of eligibility for programs included in paragraph (a) is the date of the previous in-person assessment when all other eligibility requirements are met.~~

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 256B.0911, subdivision 25, is amended to read:

Subd. 25. **Reassessments for Rule 185 case management and waiver services.** (a) Unless otherwise required by federal law, the county agency is not required to conduct or arrange for an annual needs reassessment by a certified assessor for people receiving Rule 185 case management under Minnesota Rules, part 9525.0016. The case manager who works on behalf of the person to identify the person's needs and to minimize the impact of the disability on the person's life must instead develop a person-centered service plan based on the person's assessed needs and preferences. The person-centered service plan must be reviewed annually for persons with developmental disabilities who are receiving only case management services under Minnesota Rules, part 9525.0016, and who make an informed choice to decline an assessment under this section.

(b) Unless otherwise required by federal law, the county agency is not required to conduct or arrange for an annual needs reassessment by a certified assessor for people with no significant changes in function or needs who are receiving the following services:

(1) alternative care services under section 256B.0913;

(2) developmental disability waiver services under section 256B.092;

(3) essential community supports under section 256B.0922;

(4) community access for disability inclusion, community alternative care, and brain injury waiver services under section 256B.49; and

(5) elderly waiver services under chapter 256S.

(c) The county agency shall conduct or arrange for a needs reassessment for persons described in paragraph (b) once every three years. The person or the person's legal representative may request a needs reassessment at any time. The county agency must annually review the person-centered services plan and reauthorize services. A person or the person's legal representative must make an informed choice to decline an annual needs reassessment under this section.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever occurs later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 18. Minnesota Statutes 2022, section 256B.0924, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** Persons are eligible to receive targeted case management services under this section if the requirements in paragraphs (a) and (b) are met.

(a) The person must be assessed and determined by the local county agency to:

(1) be age 18 or older;

(2) be receiving medical assistance;

(3) have significant functional limitations; and

(4) be in need of service coordination to attain or maintain living in an integrated community setting.

(b) The person must be a vulnerable adult in need of adult protection as defined in section 626.5572, or is an adult with a developmental disability as defined in section 252A.02, subdivision 2, or a related condition as defined in section ~~252.27, subdivision 1a~~ 256B.02, subdivision 11, and is not receiving home and community-based waiver services, or is an adult who lacks a permanent residence and who has been without a permanent residence for at least one year or on at least four occasions in the last three years.

Sec. 19. Minnesota Statutes 2022, section 256B.49, subdivision 16, is amended to read:

Subd. 16. **Services and supports.** (a) Services and supports included in the home and community-based waivers for persons with disabilities must meet the requirements set out in United States Code, title 42, section 1396n. The services and supports, which are offered as alternatives to institutional care, must promote consumer choice, community inclusion, self-sufficiency, and self-determination.

(b) The commissioner must simplify and improve access to home and community-based ~~waivered waiver~~ waiver services, to the extent possible, through the establishment of a common service menu that is available to eligible recipients regardless of age, disability type, or waiver program.

(c) Consumer-directed community supports must be offered as an option to all persons eligible for services under subdivision 11.

(d) Services and supports must be arranged and provided consistent with individualized written plans of care for eligible waiver recipients.

~~(e) A transitional supports allowance must be available to all persons under a home and community-based waiver who are moving from a licensed setting to a community setting. "Transitional supports allowance" means a onetime payment of up to \$3,000, to cover the costs, not covered by other sources, associated with moving from a licensed setting to a community setting. Covered costs include:~~

~~(1) lease or rent deposits;~~

~~(2) security deposits;~~

~~(3) utilities setup costs, including telephone;~~

~~(4) essential furnishings and supplies; and~~

~~(5) personal supports and transports needed to locate and transition to community settings.~~

~~(f)~~ (e) The state of Minnesota and county agencies that administer home and community-based ~~waivered~~ waiver services for persons with disabilities must not be liable for damages, injuries, or liabilities sustained through the purchase of supports by the individual, the individual's family, legal representative, or the authorized representative with funds received through consumer-directed community supports under this section. Liabilities include but are not limited to workers' compensation liability, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 20. Minnesota Statutes 2022, section 256B.4911, is amended by adding a subdivision to read:

Subd. 7. Budget procedures. When a lead agency authorizes or reauthorizes consumer-directed community supports services for a home and community-based services waiver participant, the lead agency must provide to the waiver participant and the waiver participant's legal representative the following information in an accessible format and in a manner that meets the participant's needs:

(1) an explanation of how the participant's consumer-directed community supports services budget was calculated, including a detailed explanation of the variables used in the budget formula;

(2) a copy of the formula used to calculate the participant's consumer-directed community supports services budget; and

(3) information about the participant's right to appeal the consumer-directed community supports services budget in accordance with sections 256.045 and 256.0451.

Sec. 21. Minnesota Statutes 2022, section 256B.4911, is amended by adding a subdivision to read:

Subd. 8. Consumer-direct community supports policy. Policies governing the consumer-directed community supports program must be created solely by the commissioner. Lead agencies must not create or implement any policies that are in addition to or inconsistent with policies created by the commissioner or federal or state laws. Any handbooks, procedures, or other guidance documents maintained by a lead agency do not have the force or effect of law, and must not be given deference if introduced in a state fair hearing conducted under sections 256.045 and 256.0451.

Sec. 22. Minnesota Statutes 2023 Supplement, section 256B.4914, subdivision 10d, is amended to read:

Subd. 10d. **Direct care staff; compensation.** (a) A provider paid with rates determined under subdivision 6 must use a minimum of 66 percent of the revenue generated by rates determined under that subdivision for direct care staff compensation and technology costs.

(b) A provider paid with rates determined under subdivision 7 must use a minimum of 45 percent of the revenue generated by rates determined under that subdivision for direct care staff compensation and technology costs.

(c) A provider paid with rates determined under subdivision 8 or 9 must use a minimum of 60 percent of the revenue generated by rates determined under those subdivisions for direct care staff compensation and technology costs.

(d) Compensation under this subdivision includes:

- (1) wages;
- (2) taxes and workers' compensation;
- (3) health insurance;
- (4) dental insurance;
- (5) vision insurance;
- (6) life insurance;
- (7) short-term disability insurance;
- (8) long-term disability insurance;
- (9) retirement spending;
- (10) tuition reimbursement;
- (11) wellness programs;
- (12) paid vacation time;
- (13) paid sick time; or
- (14) other items of monetary value provided to direct care staff.

(e) Technology costs under this subdivision include:

(1) costs related to providing remote support, including payments made to third-party vendors;
or

(2) costs of technology to support individuals remotely.

Sec. 23. Minnesota Statutes 2022, section 256B.77, subdivision 7a, is amended to read:

Subd. 7a. **Eligible individuals.** (a) Persons are eligible for the demonstration project as provided in this subdivision.

(b) "Eligible individuals" means those persons living in the demonstration site who are eligible for medical assistance and are disabled based on a disability determination under section 256B.055, subdivisions 7 and 12, or who are eligible for medical assistance and have been diagnosed as having:

(1) serious and persistent mental illness as defined in section 245.462, subdivision 20;

(2) severe emotional disturbance as defined in section 245.4871, subdivision 6; or

(3) developmental disability, or being a person with a developmental disability as defined in section 252A.02, or a related condition as defined in section ~~252.27, subdivision 1a~~ 256B.02, subdivision 11.

Other individuals may be included at the option of the county authority based on agreement with the commissioner.

(c) Eligible individuals include individuals in excluded time status, as defined in chapter 256G. Enrollees in excluded time at the time of enrollment shall remain in excluded time status as long as they live in the demonstration site and shall be eligible for 90 days after placement outside the demonstration site if they move to excluded time status in a county within Minnesota other than their county of financial responsibility.

(d) A person who is a sexual psychopathic personality as defined in section 253D.02, subdivision 15, or a sexually dangerous person as defined in section 253D.02, subdivision 16, is excluded from enrollment in the demonstration project.

Sec. 24. Minnesota Statutes 2023 Supplement, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security or individual taxpayer identification numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers under chapter 290A or renter's credit filers under section 290.0693, and

determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, the Supplemental Nutrition Assistance Program (SNAP), Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

~~(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.~~

~~(k)~~ (j) At the request of the commissioner of human services and when authorized in writing by the taxpayer, the commissioner of revenue may match the business legal name or individual legal name, and the Minnesota tax identification number, federal Employer Identification Number, or Social Security number of the applicant under section 245A.04, subdivision 1; 245I.20; or 245H.03; or license or certification holder. The commissioner of revenue may share the matching with the commissioner of human services. The matching may only be used by the commissioner of human services to determine eligibility for provider grant programs and to facilitate the regulatory oversight of license and certification holders as it relates to ownership and public funds program integrity. This paragraph applies only if the commissioner of human services and the commissioner of revenue enter into an interagency agreement for the purposes of this paragraph.

Sec. 25. Minnesota Statutes 2022, section 447.42, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** Notwithstanding any provision of Minnesota Statutes to the contrary, any city, county, town, or nonprofit corporation approved by the commissioner of human services, or any combination of them may establish and operate a community residential facility for persons with developmental disabilities or related conditions, as defined in section ~~252.27, subdivision 4a~~ 256B.02, subdivision 11.

Sec. 26. Laws 2021, First Special Session chapter 7, article 13, section 68, is amended to read:

Sec. 68. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; DIRECT CARE SERVICES DURING SHORT-TERM ACUTE HOSPITAL VISITS.

The commissioner of human services, in consultation with stakeholders, shall develop a new covered state plan service under Minnesota Statutes, chapter 256B, or develop modifications to existing covered state plan services, ~~that permits receipt of direct care services in an acute care hospital in a manner consistent with the requirements of~~ for people eligible for home care services as identified in Minnesota Statutes, section 256B.0651, and community first services and supports as identified in Minnesota Statutes, section 256B.85, for the purposes of support during acute care hospital stays, as authorized under United States Code, title 42, section 1396a(h). By ~~August 31, 2022~~ January 1, 2025, the commissioner must provide to the chairs and ranking minority members of the house of representatives and senate committees ~~and divisions~~ with jurisdiction over direct care services any draft legislation as may be necessary to implement the new or modified covered state plan service.

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

Sec. 27. Laws 2023, chapter 61, article 1, section 59, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** An eligible applicant for the capacity grants under subdivision 1 is an organization or provider that serves, or will serve, rural or underserved communities and:

(1) provides, or will provide, home and community-based services in the state; ~~or~~

(2) serves, or will serve, as a connector for communities to available home and community-based services; or

(3) conducts culturally specific outreach and education campaigns targeting existing providers that might more appropriately serve their clients under a different home and community-based services program or license.

Sec. 28. Laws 2023, chapter 61, article 1, section 59, subdivision 3, is amended to read:

Subd. 3. **Allowable grant activities.** Grants under this section must be used by recipients for the following activities:

(1) expanding existing services;

(2) increasing access in rural or underserved areas;

(3) creating new home and community-based organizations;

(4) connecting underserved communities to benefits and available services; ~~or~~

(5) building new or expanded infrastructure to access medical assistance reimbursement; or

(6) conducting culturally specific outreach and education campaigns targeting existing providers that might more appropriately serve their clients under a different home and community-based services program or license.

Sec. 29. Laws 2023, chapter 61, article 1, section 60, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "New American" means an individual born abroad and the individual's children, ~~irrespective of immigration status.~~

Sec. 30. Laws 2023, chapter 61, article 1, section 60, subdivision 2, is amended to read:

Subd. 2. **Grant program established.** The commissioner of human services shall establish a new American legal, social services, and long-term care workforce grant program for organizations that serve and support new Americans:

(1) in seeking or maintaining legal or citizenship status ~~to legally obtain or retain and obtaining or retaining legal authorization for employment in the United States~~ in any field or industry; or

(2) to provide specialized services and supports to new Americans to enter the long-term care workforce.

Sec. 31. Laws 2024, chapter 85, section 53, is amended to read:

Sec. 53. Minnesota Statutes 2023 Supplement, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a family child foster care home or family adult foster care home license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. When approving an exception under this paragraph, the commissioner shall consider the resource need determination process in paragraph (h), the availability of foster care licensed beds in the geographic area in which the licensee seeks to operate, the results of a person's choices during their annual assessment and service plan review, and the recommendation of the local county board. The determination by the commissioner is final and not subject to appeal. Exceptions to the moratorium include:

(1) a license for a person in a foster care setting that is not the primary residence of the license holder and where at least 80 percent of the residents are 55 years of age or older;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of

care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24; ~~or~~

(4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital-level care; or

(5) new community residential setting licenses for supervised living facilities licensed under Minnesota Rules, chapter 4665, with a capacity of 5 or 6 beds, but not designated as intermediate care facilities. This exception is available until June 30, 2026.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department may decrease the statewide licensed capacity for adult foster care settings.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) shall be exempt if the license holder's beds are occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(e) A resource need determination process, managed at the state level, using the available data required by section 144A.351, and other data and information shall be used to determine where the reduced capacity determined under section 256B.493 will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet the informed decisions of those people who want to move out of corporate foster care or community residential settings, long-term service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term services and supports reports and statewide data and information.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under chapter

256S or section 256B.092 or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

(h) The commissioner may adjust capacity to address needs identified in section 144A.351. Under this authority, the commissioner may approve new licensed settings or delicense existing settings. Delicensing of settings will be accomplished through a process identified in section 256B.493.

(i) The commissioner must notify a license holder when its corporate foster care or community residential setting licensed beds are reduced under this section. The notice of reduction of licensed beds must be in writing and delivered to the license holder by certified mail or personal service. The notice must state why the licensed beds are reduced and must inform the license holder of its right to request reconsideration by the commissioner. The license holder's request for reconsideration must be in writing. If mailed, the request for reconsideration must be postmarked and sent to the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds. If a request for reconsideration is made by personal service, it must be received by the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds.

(j) The commissioner shall not issue an initial license for children's residential treatment services licensed under Minnesota Rules, parts 2960.0580 to 2960.0700, under this chapter for a program that Centers for Medicare and Medicaid Services would consider an institution for mental diseases. Facilities that serve only private pay clients are exempt from the moratorium described in this paragraph. The commissioner has the authority to manage existing statewide capacity for children's residential treatment services subject to the moratorium under this paragraph and may issue an initial license for such facilities if the initial license would not increase the statewide capacity for children's residential treatment services subject to the moratorium under this paragraph.

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

Sec. 32. **ADVISORY TASK FORCE ON FAMILY RESIDENTIAL SERVICES.**

Subdivision 1. Establishment; purpose. The Advisory Task Force on Family Residential Services is established to evaluate pending family residential services rate modifications and the impact any pending payment methodology would have on existing family residential services and licensed adult family foster care providers.

Subd. 2. Membership. (a) The Advisory Task Force on Family Residential Services must consist of the members appointed as follows:

(1) two licensed adult family foster care providers, appointed by the commissioner of human services;

(2) two licensed adult family foster care providers, appointed by ARRM;

(3) one member representing the Department of Human Services who has experience with adult family foster care providers and family residential services, appointed by the commissioner of human services;

(4) one additional member representing the Department of Human Services who has experience with disability waiver rate setting, appointed by the commissioner of human services;

(5) one member representing lead agencies, appointed by the Association of Minnesota Counties;

(6) one member representing ARRM, appointed by ARRM;

(7) one person receiving family residential services; and

(8) one person receiving life sharing services.

(b) Appointments must be made no later than September 1, 2024.

(c) Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, member compensation and reimbursement for expenses are governed by Minnesota Statutes, section 15.059, subdivision 3.

Subd. 3. **Meetings.** (a) The commissioner of human services must convene the first meeting of the advisory task force no later than October 1, 2024.

(b) Advisory task force meetings are subject to the Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

(c) Advisory task force meetings must be conducted by telephone or interactive technology according to Minnesota Statutes, section 13D.015.

Subd. 4. **Administrative support.** (a) The commissioner of human services must provide administrative support and staff assistance for the advisory task force.

(b) The commissioner of human services must provide the advisory task force with data, fiscal estimates, rate models, draft waiver amendments, implementation updates, estimated impacts, and other information the advisory task force requires to fulfill its duties under subdivisions 5 and 6.

Subd. 5. **Duties.** (a) Prior to issuing the report required under subdivision 6, paragraph (a), the advisory task force must evaluate multiple family residential service rate models and the impact the proposed rate models would have on family residential services and adult family foster care providers. The evaluations must include:

(1) case studies demonstrating rate changes adult family foster care providers would experience under each rate model;

(2) an estimate of the median rate change family residential services adult family foster care providers will experience under each model;

(3) the number of adult family foster care providers operating in Minnesota; and

(4) the number of individuals receiving family residential services from licensed adult family foster care providers.

(b) Prior to issuing the report required under subdivision 6, paragraph (b), the advisory task force must monitor the development and implementation of the family residential service rate methodology and the impact of the rate methodology on family residential services and adult family foster care providers.

Subd. 6. **Reports.** (a) No later than March 15, 2025, the advisory task force must submit to the chairs and ranking minority members of the legislative committees with jurisdiction over licensed adult foster care providers and family residential services reimbursement rates a written report that includes recommendations on:

(1) a payment rate methodology for family residential services;

(2) a payment rate methodology for life sharing services;

(3) any additional recommended changes to family residential services and life sharing services;

(4) any legislative language required to implement the recommendations of the advisory task force; and

(5) any legislative modifications to the duties or authorities of the advisory task force required to adequately monitor the implementation of new rates for family residential services and life sharing services.

(b) No later than June 30, 2027, the advisory task force must submit to the chairs and ranking minority members of the legislative committees with jurisdiction over licensed adult foster care providers and family residential services reimbursement rates a written report that includes an assessment of the development and implementation of the family residential service rate methodology and the impact of the rate methodology on family residential services and adult family foster care providers.

Subd. 7. **Expiration.** The advisory task force expires June 30, 2027.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 33. **ASSISTIVE TECHNOLOGY LEAD AGENCY PARTNERSHIPS.**

(a) Lead agencies may establish partnerships with enrolled medical assistance providers of home and community-based services under Minnesota Statutes, section 256B.0913, 256B.092, 256B.093, or 256B.49, or Minnesota Statutes, chapter 256S, to evaluate the benefits of informed choice in accessing the following existing assistive technology home and community-based waiver services:

(1) assistive technology;

(2) specialized equipment and supplies;

(3) environmental accessibility adaptations;

(4) client and caregiver training;

(5) 24-hour emergency assistance; or

(6) any other cost-effective, allowable waiver services and benefits related to assistive technology.

(b) Lead agencies may prioritize eligible individuals who desire to participate in the partnership authorized by this section using existing home and community-based waiver criteria under Minnesota Statutes, chapters 256B and 256S, which may include but are not limited to:

(1) significant clinical acuity due to one or more chronic medical conditions;

(2) multiple emergency room visits or inpatient admissions during the prior 365 days;

(3) a diagnosis of a behavioral or complex chronic condition;

(4) challenges in finding nonemergency medical transportation in the individual's region; or

(5) an inability to find available primary care providers.

(c) Lead agencies must ensure individuals who choose to participate have informed choice in accessing the services and must adhere to conflict-free case management requirements.

(d) Lead agencies may identify efficiencies, as well as utilize an alternative evidence-based methodology, that result in approval or denial of service authorizations within 30 business days of the receipt of the initial request, provide evidence-based cost data and quality analysis to the commissioner, and collect feedback on the use of technology systems from home and community-based waiver services recipients, family caregivers, and any other interested community partners.

Sec. 34. **DIRECT SUPPORT SERVICE RATE CALCULATIONS.**

(a) By March 15, 2025, the commissioner of human services must submit to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance a report that includes legislative language necessary to increase the reimbursement rates, enhanced rates, tiered rates, individual budgets, grants, and allocations by an amount equal to the incremental increase in the wage floor, the incremental increase in any paid time off, the incremental increase in any pay for work on holidays, and any other incremental increase in other benefits, plus all corresponding incremental increases in the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, worker compensation premiums, and retirement contributions, if any, attributable to any incremental increases included in a proposed collective bargaining agreement between the state and individual providers of direct support services to participants in a covered program as defined under Minnesota Statutes, section 256B.0711.

(b) The commissioner must include in the report the formula used to determine the increase in the reimbursement rates, enhanced rates, tiered rates, individual budgets, grants, and allocations as described in paragraph (a) for not only each covered program, but also the CFSS agency-provider model and the traditional personal care assistance program. The commissioner must assume for the purposes of the report that every individual providing direct support services will receive a wage increase equal to the incremental increase in the wage floor and the incremental increase in other benefits proposed in the collective bargaining agreement and that no employer, fiscal support entity, or fiscal management service will absorb any incremental increase in costs attributable to increasing

wages by an amount equal to the incremental increase in the wage floor or providing additional benefits equal to the incremental increase in benefits described in the collective bargaining agreement.

Sec. 35. DIRECTION TO COMMISSIONER; CONSUMER-DIRECTED COMMUNITY SUPPORTS.

By December 31, 2024, the commissioner of human services shall seek any necessary changes to home and community-based services waiver plans regarding consumer-directed community supports in order to:

(1) clarify that allowable goods and services for a consumer-directed community supports participant do not need to be for the sole benefit of the participant, and that goods and services may benefit others if there is also a direct benefit to the participant based on the participant's assessed needs;

(2) clarify that goods or services that support the participant's assessed needs for community integration and inclusion are allowable under the consumer-directed community supports program;

(3) clarify that the rate authorized for services approved under the consumer-directed community supports personal assistance category may exceed the reasonable range of similar services in the participant's community if the participant has an assessed need for an enhanced rate; and

(4) clarify that a participant's spouse or a parent of a minor participant, as defined in the waiver plans, may be paid for consumer-directed community support services at a rate that exceeds that which would otherwise be paid to a provider of a similar service or that exceeds what is allowed by the commissioner for the payment of personal care assistance services if the participant has an assessed need for an enhanced rate.

Sec. 36. DIRECTION TO COMMISSIONER; PREVOCATIONAL SERVICES WAIVER AMENDMENTS.

By September 1, 2024, the commissioner of human services must submit waiver plan amendments for the developmental disabilities waiver, the brain injury waiver, the community access for disability inclusion waiver, and the community alternative care waiver to remove from the service definitions of prevocational services the limits on the duration a person who began receiving prevocational services after January 1, 2021, may receive prevocational services.

Sec. 37. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; REIMBURSEMENT FOR PERSONAL CARE ASSISTANTS AND COMMUNITY-FIRST SERVICES AND SUPPORTS WORKERS.

By January 1, 2025, the commissioner of human services shall provide draft legislation to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance proposing the statutory changes needed to permit reimbursement of personal care assistants and support workers to provide:

(1) up to eight hours of overtime per week per worker beyond the current maximum number of reimbursable hours per month;

(2) asleep overnight and awake overnight staffing in the same manner as direct support professionals under the brain injury waiver, community alternative care waiver, community access for disability inclusion waiver, and developmental disabilities waiver; and

(3) services in shifts of up to 80 consecutive hours when otherwise compliant with federal and state labor laws.

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

Sec. 38. **DISABILITY HOME AND COMMUNITY-BASED SERVICES REIMBURSEMENT IN ACUTE CARE HOSPITAL STAYS.**

(a) The commissioner of human services must seek approval to amend Minnesota's federally approved disability waiver plans under Minnesota Statutes, sections 256B.092 and 256B.49, to reimburse for delivery of unit-based services under Minnesota Statutes, section 256B.4914, in acute care hospital settings, as authorized under United States Code, title 42, section 1396a(h).

(b) Reimbursed services must:

(1) be identified in an individual's person-centered support plan as required under Minnesota Statutes, section 256B.0911;

(2) be provided to meet the needs of the person that are not met through the provision of hospital services;

(3) not substitute services that the hospital is obligated to provide as required under state and federal law; and

(4) be designed to ensure smooth transitions between acute care settings and home and community-based settings and to preserve the person's functional abilities.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 39. **DISABILITY SERVICES CONTINUOUS IMPROVEMENT STUDY; DIRECTION TO COMMISSIONER.**

(a) By August 1, 2024, the commissioner of human services shall issue a request for proposals for the design, implementation, and administration of a continuous improvement study of access to disability services.

(b) The continuous improvement study must assess access to the range of disability services programs:

(1) in metropolitan, suburban, and rural counties; and

(2) by non-English-speaking communities and by various populations, including but not limited to Black, Indigenous, and People of Color.

(c) To be eligible to respond to the request for proposals, an entity must demonstrate that it has worked successfully with other organizations on continuous improvement studies and journey mapping of processes from beginning to end.

(d) In developing the request for proposals, the commissioner shall consult with disability services providers, county human services agencies, disability advocacy organizations, and individuals with lived experience in accessing disability services.

(e) The commissioner shall report the results of the continuous improvement study and any recommendations to improve access to disability services to the chairs and ranking minority members of the legislative committees with jurisdiction over disability services by December 15, 2026.

Sec. 40. EMERGENCY RELIEF GRANTS FOR RURAL EARLY INTENSIVE DEVELOPMENTAL AND BEHAVIORAL INTERVENTION PROVIDERS.

Subdivision 1. Establishment and purpose. (a) The commissioner of human services shall award grants to financially distressed organizations that provide early intensive developmental and behavioral intervention services to rural communities. For the purposes of this section, "rural communities" means communities outside the metropolitan counties listed in Minnesota Statutes, section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

(b) The commissioner shall conduct community engagement, provide technical assistance, and work with the commissioners of management and budget and administration to mitigate barriers in accessing grant money.

(c) The commissioner shall limit expenditures under this section to the amount appropriated for this purpose.

Subd. 2. Eligibility. (a) To be an eligible applicant for a grant under this section, a provider of early intensive developmental and behavioral intervention services must submit to the commissioner of human services a grant application in the form and according to the timelines established by the commissioner.

(b) In a grant application, an applicant must demonstrate that:

(1) the total net income of the provider of early intensive developmental and behavioral intervention services is not generating sufficient revenue to cover the provider's operating expenses;

(2) the provider is at risk of closure or ceasing to provide early intensive developmental and behavioral intervention services; and

(3) additional emergency operating revenue is necessary to preserve access to early intensive developmental and behavioral intervention services within the rural community the provider serves.

(c) In a grant application, the applicant must make a request based on the information submitted under paragraph (b) for the minimal funding amount sufficient to preserve access to early intensive developmental and behavioral intervention services within the rural community the provider serves.

Subd. 3. **Approving grants.** The commissioner must evaluate all grant applications on a competitive basis and award grants to successful applicants within available appropriations for this purpose. The commissioner's decisions are final and not subject to appeal.

Sec. 41. **LEGISLATIVE TASK FORCE ON GUARDIANSHIP.**

Subdivision 1. **Membership.** (a) The Legislative Task Force on Guardianship consists of the following members:

(1) one member of the house of representatives, appointed by the speaker of the house of representatives;

(2) one member of the house of representatives, appointed by the minority leader of the house of representatives;

(3) one member of the senate, appointed by the senate majority leader;

(4) one member of the senate, appointed by the senate minority leader;

(5) one judge who has experience working on guardianship cases, appointed by the chief justice of the supreme court;

(6) two individuals presently or formerly under guardianship or emergency guardianship, appointed by the Minnesota Council on Disability;

(7) one private, professional guardian, appointed by the Minnesota Council on Disability;

(8) one private, nonprofessional guardian, appointed by the Minnesota Council on Disability;

(9) one representative of the Department of Human Services with knowledge of public guardianship issues, appointed by the commissioner of human services;

(10) one member appointed by the Minnesota Council on Disability;

(11) two members of two different disability advocacy organizations, appointed by the Minnesota Council on Disability;

(12) one member of a professional or advocacy group representing the interests of the guardian who has experience working in the judicial system on guardianship cases, appointed by the Minnesota Council on Disability;

(13) one member of a professional or advocacy group representing the interests of persons subject to guardianship who has experience working in the judicial system on guardianship cases, appointed by the Minnesota Council on Disability;

(14) two members of two different advocacy groups representing the interests of older Minnesotans who are or may find themselves subject to guardianship, appointed by the Minnesota Council on Disability;

(15) one employee acting as the Disability Systems Planner in the Center for Health Equity at the Minnesota Department of Health, appointed by the commissioner of health;

(16) one member appointed by the Minnesota Indian Affairs Council;

(17) one member from the Commission of the Deaf, Deafblind, and Hard-of-Hearing, appointed by the executive director of the commission;

(18) one member of the Council on Developmental Disabilities, appointed by the executive director of the council;

(19) one employee from the Office of Ombudsman for Mental Health and Developmental Disabilities, appointed by the ombudsman;

(20) one employee from the Office of Ombudsman for Long Term Care, appointed by the ombudsman;

(21) one member appointed by the Minnesota Association of County Social Services Administrators (MACSSA);

(22) one employee from the Olmstead Implementation Office, appointed by the director of the office; and

(23) one member representing an organization dedicated to supported decision-making alternatives to guardianship, appointed by the Minnesota Council on Disability.

(b) Appointees to the task force must be named by each appointing authority by June 30, 2025. Appointments made by an agency or commissioner may also be made by a designee.

(c) The member from the Minnesota Council on Disability serves as chair of the task force. The chair must designate a member to serve as secretary.

Subd. 2. **Meetings; administrative support.** The first meeting of the task force must be convened by the chair no later than September 1, 2025, if an appropriation is made by that date for the task force. The task force must meet at least quarterly. Meetings are subject to Minnesota Statutes, chapter 13D. The task force may meet by telephone or interactive technology consistent with Minnesota Statutes, section 13D.015. The Minnesota Council on Disability shall provide meeting space and administrative and research support to the task force.

Subd. 3. **Duties.** (a) The task force must make recommendations to address concerns and gaps related to guardianships and less restrictive alternatives to guardianships in Minnesota, including but not limited to:

(1) developing efforts to sustain and increase the number of qualified guardians;

(2) increasing compensation for in forma pauperis (IFP) guardians by studying current funding streams to develop approaches to ensure that the funding streams are consistent across the state and sufficient to serve the needs of persons subject to guardianship;

(3) securing ongoing funding for guardianships and less restrictive alternatives;

(4) establishing guardian certification or licensure;

(5) identifying standards of practice for guardians and options for providing education to guardians on standards and less restrictive alternatives;

(6) securing ongoing funding for the guardian and conservator administrative complaint process;

(7) identifying and understanding alternatives to guardianship whenever possible to meet the needs of patients and the challenges of providers in the delivery of health care, behavioral health care, and residential and home-based care services;

(8) expanding supported decision-making alternatives to guardianships and conservatorships;

(9) reducing the removal of civil rights when appointing a guardian, including by ensuring guardianship is only used as a last resort; and

(10) identifying ways to preserve and to maximize the civil rights of the person, including due process considerations.

(b) The task force must seek input from the public, the judiciary, people subject to guardianship, guardians, advocacy groups, and attorneys. The task force must hold hearings to gather information to fulfill the purpose of the task force.

Subd. 4. **Compensation; expenses.** Members of the task force may receive compensation and expense reimbursement as provided in Minnesota Statutes, section 15.059, subdivision 3.

Subd. 5. **Report; expiration.** The task force shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over guardianship issues no later than January 15, 2027. The report must describe any concerns about the current guardianship system identified by the task force and recommend policy options to address those concerns and to promote less restrictive alternatives to guardianship. The report must include draft legislation to implement recommended policy.

Subd. 6. **Expiration.** The task force expires upon submission of its report, or January 16, 2027, whichever is earlier.

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

Sec. 42. **OWN HOME SERVICES PROVIDER CAPACITY-BUILDING GRANTS.**

Subdivision 1. **Establishment.** The commissioner of human services shall establish a onetime grant program to incentivize providers to support individuals to move out of congregate living settings and into an individual's own home as described in Minnesota Statutes, section 256B.492, subdivision 3.

Subd. 2. **Eligible grant recipients.** Eligible grant recipients are providers of home and community-based services under Minnesota Statutes, chapter 245D.

Subd. 3. **Grant application.** In order to receive a grant under this section, providers must apply to the commissioner on the forms and according to the timelines established by the commissioner.

Subd. 4. **Allowable uses of grant money.** Allowable uses of grant money include:

(1) enhancing resources and staffing to support people and families in understanding housing options;

(2) housing expenses related to moving an individual into their own home that are not covered by other housing services for which the individual is eligible;

(3) moving expenses that are not covered by other housing services for which the individual is eligible;

(4) implementing and testing innovative approaches to better support people with disabilities and their families in living in their own homes;

(5) financial incentives for providers that have successfully moved an individual out of congregate living and into their own home; and

(6) other activities approved by the commissioner.

Subd. 5. **Expiration.** This section expires June 30, 2026.

Sec. 43. **PEDIATRIC HOSPITAL-TO-HOME TRANSITION PILOT PROGRAM.**

(a) The commissioner of human services shall establish a single competitive grant to a home care nursing provider to develop and implement, in coordination with the commissioner of human services, Fairview Masonic Children's Hospital, Gillette Children's Specialty Healthcare, and Children's Minnesota of St. Paul and Minneapolis, a pilot program to expedite and facilitate pediatric hospital-to-home discharges for patients receiving services in this state under medical assistance, including under the community alternative care waiver, community access for disability inclusion waiver, and developmental disabilities waiver.

(b) Grant money awarded under this section must be used only to support the administrative, training, and auxiliary services necessary to reduce: (1) delayed discharge days due to unavailability of home care nursing staffing to accommodate complex pediatric patients; (2) avoidable rehospitalization days for pediatric patients; (3) unnecessary emergency department utilization by pediatric patients following discharge; (4) long-term nursing needs for pediatric patients; and (5) the number of school days missed by pediatric patients.

(c) Grant money must not be used to supplement payment rates for services covered under Minnesota Statutes, chapter 256B.

(d) No later than December 15, 2026, the commissioner must prepare a report summarizing the impact of the pilot program that includes but is not limited to: (1) the number of delayed discharge days eliminated; (2) the number of rehospitalization days eliminated; (3) the number of unnecessary emergency department admissions eliminated; (4) the number of missed school days eliminated; and (5) an estimate of the return on investment of the pilot program.

(e) The commissioner must submit the report under paragraph (d) to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services.

Sec. 44. **PERSONAL CARE ASSISTANCE COMPENSATION FOR SERVICES PROVIDED BY A PARENT OR SPOUSE.**

(a) Notwithstanding Minnesota Statutes, section 256B.0659, subdivision 3, paragraph (a), clause (1); subdivision 11, paragraph (c); and subdivision 19, paragraph (b), clause (3), beginning October 1, 2024, a parent, stepparent, or legal guardian of a minor who is a personal care assistance recipient or the spouse of a personal care assistance recipient may provide and be paid for providing personal care assistance services under medical assistance. The commissioner shall seek federal approval for these payments. The commissioner shall make payments for services rendered without federal financial participation until federal approval is obtained, and if federal approval is denied, until this section expires.

(b) This section expires upon full implementation of community first services and supports under Minnesota Statutes, section 256B.85. The commissioner of human services shall notify the revisor of statutes when this section expires.

EFFECTIVE DATE. This section is effective for services rendered on or after October 1, 2024.

Sec. 45. **TRANSITIONAL SUPPORTS ALLOWANCE INCREASE.**

Upon federal approval, the commissioner of human services must increase to \$4,000 the transitional supports allowance under Minnesota's federally approved home and community-based service waiver plans authorized under Minnesota Statutes, sections 256B.092 and 256B.49.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 46. **TRIBAL VULNERABLE ADULT AND DEVELOPMENTAL DISABILITY TARGETED CASE MANAGEMENT MEDICAL ASSISTANCE BENEFIT.**

(a) The commissioner of human services must engage with Minnesota's federally-recognized Tribal Nations and urban American Indian providers and leaders to design and recommend a Tribal-specific vulnerable adult and developmental disability medical assistance targeted case management benefit to meet community needs and reduce disparities experienced by Tribal members and urban American Indian populations. The commissioner must honor and uphold Tribal sovereignty as part of this engagement, ensuring Tribal Nations are equitably and authentically included in planning and policy discussions.

(b) By January 1, 2025, the commissioner must report recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy. Recommendations must include a description of engagement with Tribal Nations, Tribal perspectives shared throughout the engagement process, service design, and reimbursement methodology.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 47. **REPEALER.**

(a) Minnesota Statutes 2022, sections 252.021; and 252.27, subdivisions 1a, 2, 3, 4a, 5, and 6, is repealed.

(b) Minnesota Statutes 2022, section 256B.0916, subdivision 10, is repealed.

(c) Minnesota Statutes 2023 Supplement, section 252.27, subdivision 2a, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2025.

ARTICLE 2

AGING SERVICES

Section 1. [144G.195] FACILITY RELOCATION.

Subdivision 1. **New license not required.** (a) Effective March 15, 2025, an assisted living facility with a licensed resident capacity of ten residents or fewer may operate under the licensee's current license if the facility is relocated with the approval of the commissioner during the period the current license is valid.

(b) A licensee is not required to apply for a new license solely because the licensee receives approval to relocate a facility, and the licensee's license for the relocated facility remains valid until the expiration date specified on the existing license. The commissioner must apply the licensing and survey cycle previously established for the facility's prior location to the facility's new location.

(c) A licensee must notify the commissioner of health through a form developed by the commissioner of the licensee's intent to relocate the licensee's facility. The building to which the licensee intends to relocate the facility must obtain plan review approval and a certificate of occupancy from the commissioner of labor and industry or the commissioner of labor and industry's delegated authority. Upon issuance of a certificate of occupancy, the commissioner of health must review and inspect the building to which the licensee intends to relocate the facility and approve or deny the license relocation within 30 calendar days.

(d) A licensee that receives approval from the commissioner to relocate a facility must provide each resident with a new assisted living contract and comply with the coordinated move requirements under section 144G.55.

(e) A licensee denied approval by the commissioner to relocate a facility may continue to operate the facility in its current location, follow the requirements in section 144G.57 and close the facility, or notify the commissioner of the licensee's intent to relocate the facility to an alternative new location. If the licensee notifies the commissioner of the licensee's intent to relocate the facility to an alternative new location, paragraph (c) applies, including the timelines for approving or denying the license relocation for the alternative new location.

Subd. 2. **Limited exemption from the customized living setting moratorium and age limitations.** (a) A licensee that receives approval from the commissioner of health under subdivision 1 to relocate a facility that is also enrolled with the Department of Human Services as a customized living setting to deliver 24-hour customized living services and customized living services as defined by the brain injury and community access for disability inclusion home and community-based

services waiver plans and under section 256B.49 must inform the commissioner of human services of the licensee's intent to relocate.

(b) If the licensee at the time of the intended relocation is providing customized living or 24-hour customized living services under the brain injury and community access for disability inclusion home and community-based services waiver plans and section 256B.49 to at least one individual, and the licensee intends to continue serving that individual in the new location, the licensee must inform the commissioner of human services of the licensee's intention to do so and meet the requirements specified under section 256B.49, subdivision 28a.

EFFECTIVE DATE. This section is effective August 1, 2024, except subdivision 2 is effective August 1, 2024, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 2. Minnesota Statutes 2022, section 144G.41, subdivision 1, is amended to read:

Subdivision 1. **Minimum requirements.** All assisted living facilities shall:

- (1) distribute to residents the assisted living bill of rights;
- (2) provide services in a manner that complies with the Nurse Practice Act in sections 148.171 to 148.285;
- (3) utilize a person-centered planning and service delivery process;
- (4) have and maintain a system for delegation of health care activities to unlicensed personnel by a registered nurse, including supervision and evaluation of the delegated activities as required by the Nurse Practice Act in sections 148.171 to 148.285;
- (5) provide a means for residents to request assistance for health and safety needs 24 hours per day, seven days per week;
- (6) allow residents the ability to furnish and decorate the resident's unit within the terms of the assisted living contract;
- (7) permit residents access to food at any time;
- (8) allow residents to choose the resident's visitors and times of visits;
- (9) allow the resident the right to choose a roommate if sharing a unit;
- (10) notify the resident of the resident's right to have and use a lockable door to the resident's unit. The licensee shall provide the locks on the unit. Only a staff member with a specific need to enter the unit shall have keys, and advance notice must be given to the resident before entrance, when possible. An assisted living facility must not lock a resident in the resident's unit;
- (11) develop and implement a staffing plan for determining its staffing level that:
 - (i) includes an evaluation, to be conducted at least twice a year, of the appropriateness of staffing levels in the facility;

(ii) ensures sufficient staffing at all times to meet the scheduled and reasonably foreseeable unscheduled needs of each resident as required by the residents' assessments and service plans on a 24-hour per day basis; and

(iii) ensures that the facility can respond promptly and effectively to individual resident emergencies and to emergency, life safety, and disaster situations affecting staff or residents in the facility;

(12) ensure that one or more persons are available 24 hours per day, seven days per week, who are responsible for responding to the requests of residents for assistance with health or safety needs. Such persons must be:

(i) awake;

(ii) located in the same building, in an attached building, or on a contiguous campus with the facility in order to respond within a reasonable amount of time;

(iii) capable of communicating with residents;

(iv) capable of providing or summoning the appropriate assistance; and

(v) capable of following directions; and

~~(13) offer to provide or make available at least the following services to residents:~~

~~(i) at least three nutritious meals daily with snacks available seven days per week, according to the recommended dietary allowances in the United States Department of Agriculture (USDA) guidelines, including seasonal fresh fruit and fresh vegetables. The following apply:~~

~~(A) menus must be prepared at least one week in advance, and made available to all residents. The facility must encourage residents' involvement in menu planning. Meal substitutions must be of similar nutritional value if a resident refuses a food that is served. Residents must be informed in advance of menu changes;~~

~~(B) food must be prepared and served according to the Minnesota Food Code, Minnesota Rules, chapter 4626; and~~

~~(C) the facility cannot require a resident to include and pay for meals in their contract;~~

~~(ii) weekly housekeeping;~~

~~(iii) weekly laundry service;~~

~~(iv) upon the request of the resident, provide direct or reasonable assistance with arranging for transportation to medical and social services appointments, shopping, and other recreation, and provide the name of or other identifying information about the persons responsible for providing this assistance;~~

~~(v) upon the request of the resident, provide reasonable assistance with accessing community resources and social services available in the community, and provide the name of or other identifying information about persons responsible for providing this assistance;~~

~~(vi) provide culturally sensitive programs; and~~

~~(vii) have a daily program of social and recreational activities that are based upon individual and group interests, physical, mental, and psychosocial needs, and that creates opportunities for active participation in the community at large; and~~

~~(14) (13) provide staff access to an on-call registered nurse 24 hours per day, seven days per week.~~

Sec. 3. Minnesota Statutes 2022, section 144G.41, is amended by adding a subdivision to read:

Subd. 1a. **Minimum requirements; required food services.** (a) All assisted living facilities must offer to provide or make available at least three nutritious meals daily with snacks available seven days per week, according to the recommended dietary allowances in the United States Department of Agriculture (USDA) guidelines, including seasonal fresh fruit and fresh vegetables. The menus must be prepared at least one week in advance, and made available to all residents. The facility must encourage residents' involvement in menu planning. Meal substitutions must be of similar nutritional value if a resident refuses a food that is served. Residents must be informed in advance of menu changes. The facility must not require a resident to include and pay for meals in the resident's contract. Except as provided in paragraph (b), food must be prepared and served according to the Minnesota Food Code, Minnesota Rules, chapter 4626.

(b) For an assisted living facility with a licensed capacity of ten or fewer residents:

(1) notwithstanding Minnesota Rules, part 4626.0033, item A, the facility may share a certified food protection manager (CFPM) with one other facility located within a 60-mile radius and under common management provided the CFPM is present at each facility frequently enough to effectively administer, manage, and supervise each facility's food service operation;

(2) notwithstanding Minnesota Rules, part 4626.0545, item A, kick plates that are not removable or cannot be rotated open are allowed unless the facility has been issued repeated correction orders for violations of Minnesota Rules, part 4626.1565 or 4626.1570;

(3) notwithstanding Minnesota Rules, part 4626.0685, item A, the facility is not required to provide integral drainboards, utensil racks, or tables large enough to accommodate soiled and clean items that may accumulate during hours of operation provided soiled items do not contaminate clean items, surfaces, or food, and clean equipment and dishes are air dried in a manner that prevents contamination before storage;

(4) notwithstanding Minnesota Rules, part 4626.1070, item A, the facility is not required to install a dedicated handwashing sink in its existing kitchen provided it designates one well of a two-compartment sink for use only as a handwashing sink;

(5) notwithstanding Minnesota Rules, parts 4626.1325, 4626.1335, and 4626.1360, item A, existing floor, wall, and ceiling finishes are allowed provided the facility keeps them clean and in good condition;

(6) notwithstanding Minnesota Rules, part 4626.1375, shielded or shatter-resistant lightbulbs are not required, but if a light bulb breaks, the facility must discard all exposed food and fully clean all equipment, dishes, and surfaces to remove any glass particles; and

(7) notwithstanding Minnesota Rules, part 4626.1390, toilet rooms are not required to be provided with a self-closing door.

Sec. 4. Minnesota Statutes 2022, section 144G.41, is amended by adding a subdivision to read:

Subd. 1b. **Minimum requirements; other required services.** All assisted living facilities must offer to provide or make available the following services to residents:

(1) weekly housekeeping;

(2) weekly laundry service;

(3) upon the request of the resident, provide direct or reasonable assistance with arranging for transportation to medical and social services appointments, shopping, and other recreation, and provide the name of or other identifying information about the persons responsible for providing this assistance;

(4) upon the request of the resident, provide reasonable assistance with accessing community resources and social services available in the community, and provide the name of or other identifying information about persons responsible for providing this assistance;

(5) provide culturally sensitive programs; and

(6) have a daily program of social and recreational activities that are based upon individual and group interests, physical, mental, and psychosocial needs, and that creates opportunities for active participation in the community at large.

Sec. 5. Minnesota Statutes 2022, section 144G.63, subdivision 1, is amended to read:

Subdivision 1. **Orientation of staff and supervisors.** (a) All staff providing and supervising direct services must complete an orientation to assisted living facility licensing requirements and regulations before providing assisted living services to residents. The orientation may be incorporated into the training required under subdivision 5. The orientation need only be completed once for each staff person and is not transferable to another facility, except as provided in paragraph (b).

(b) A staff person is not required to repeat the orientation required under subdivision 2 if the staff person transfers from one licensed assisted living facility to another facility operated by the same licensee or by a licensee affiliated with the same corporate organization as the licensee of the first facility, or to another facility managed by the same entity managing the first facility. The facility to which the staff person transfers must document that the staff person completed the orientation at the prior facility. The facility to which the staff person transfers must nonetheless provide the transferred staff person with supplemental orientation specific to the facility and document that the

supplemental orientation was provided. The supplemental orientation must include the types of assisted living services the staff person will be providing, the facility's category of licensure, and the facility's emergency procedures. A staff person cannot transfer to an assisted living facility with dementia care without satisfying the additional training requirements under section 144G.83.

Sec. 6. Minnesota Statutes 2022, section 144G.63, subdivision 4, is amended to read:

Subd. 4. **Training required relating to dementia, mental illness, and de-escalation.** All direct care staff and supervisors providing direct services must demonstrate an understanding of the training specified in ~~section~~ sections 144G.64 and 144G.65.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. **[144G.65] TRAINING IN MENTAL ILLNESS AND DE-ESCALATION.**

Subdivision 1. Training for supervisors. (a) Within 90 calendar days of the employment start date, all supervisors of direct care staff must complete at least eight hours of initial training on the topics specified in subdivision 6.

(b) New supervisors may satisfy the training required under this subdivision by producing written proof of previously completed required training within the past 18 months.

Subd. 2. Training for direct care staff. (a) Within 90 calendar days of the employment start date, all direct care staff must complete at least eight hours of initial training on the topics specified in subdivision 6. Until the initial training is complete, a direct care staff member must not provide direct care unless someone is available who can act as a resource, can assist if issues arise, and is either another direct care staff member who has completed the eight hours of required training and is on-site or is a supervisor.

(b) New direct care employees may satisfy the training required under this subdivision by producing written proof of previously completed required training within the past 18 months.

Subd. 3. Training for staff who do not provide direct care. (a) Within 90 calendar days of the employment start date, all assisted living facility employees who do not provide direct care, including maintenance, housekeeping, and food service staff, must complete at least four hours of initial training on all the topics specified in subdivision 6.

(b) New staff members may satisfy the training required under this subdivision by producing written proof of previously completed required training within the past 18 months.

Subd. 4. Annual training for all staff. All assisted living staff required to complete initial training under subdivisions 1 to 3 must complete at least two hours of additional training for each year of employment following completion of the initial training. Annual training must cover some, but is not required to cover all, of the topics listed under subdivision 6.

Subd. 5. New staff members. A supervisor who has completed the training required under subdivision 1 or a person who conducts the initial training must be available for consultation with a new staff member on issues related to mental illness and de-escalation during the first 90 calendar days of the new staff member's employment start date.

Subd. 6. **Content of training.** The initial training on mental illness and de-escalation required under this section must include:

- (1) an explanation of the principles of trauma-informed care;
- (2) instruction on incorporating knowledge about trauma into care plans, policies, procedures, and practices to avoid retraumatization;
- (3) de-escalation techniques and communication;
- (4) crisis resolution, including a procedure for contacting county crisis response teams;
- (5) suicide prevention, including use of the 988 suicide and crisis lifeline;
- (6) recognizing symptoms of common mental illness diagnoses, including but not limited to mood disorders, anxiety disorders, trauma and stressor-related disorders, personality and psychotic disorders, substance use disorder, and substance misuse;
- (7) creating and executing person-centered care plans for residents with mental illness;
- (8) information on medications and their side effects, the risks of overmedication or improper use of medications, and nonpharmacological interventions; and
- (9) support strategies, resources, and referral sources for residents experiencing diagnoses co-occurring with mental illness, including dementia.

Subd. 7. **Information to prospective residents.** The facility must provide to prospective residents in written or electronic form a description of its training program on mental illness and de-escalation, the categories of staff trained, the frequency and amount of training, and the basic topics covered.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2023 Supplement, section 256.9756, subdivision 1, is amended to read:

Subdivision 1. **Caregiver respite services grant program established.** The Minnesota Board on Aging must establish a caregiver respite services grant program to increase the availability of respite services for family caregivers of people with dementia ~~and older adults~~ and to provide information, education, and training to respite caregivers and volunteers regarding caring for people with dementia. From the money made available for this purpose, the board must award grants on a competitive basis to respite service providers, giving priority to areas of the state where there is a high need of respite services.

Sec. 9. Minnesota Statutes 2023 Supplement, section 256.9756, subdivision 2, is amended to read:

Subd. 2. **Eligible uses.** Grant recipients awarded grant money under this section must use a portion of the grant award as determined by the board to provide free or subsidized respite services for family caregivers of people with dementia ~~and older adults~~.

Sec. 10. Minnesota Statutes 2023 Supplement, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. **Services covered under alternative care.** Alternative care funding may be used for payment of costs of:

- (1) adult day services and adult day services bath;
- (2) home care;
- (3) homemaker services;
- (4) personal care;
- (5) case management and conversion case management;
- (6) respite care;
- (7) specialized supplies and equipment;
- (8) home-delivered meals;
- (9) nonmedical transportation;
- (10) nursing services;
- (11) chore services;
- (12) companion services;
- (13) nutrition services;
- (14) family caregiver training and education;
- (15) coaching and counseling;
- (16) telehome care to provide services in their own homes in conjunction with in-home visits;
- (17) consumer-directed community supports;
- (18) environmental accessibility and adaptations; ~~and~~
- (19) transitional services; and

~~(19)~~ (20) discretionary services, for which lead agencies may make payment from their alternative care program allocation for services not otherwise defined in this section or section 256B.0625, following approval by the commissioner.

Total annual payments for discretionary services for all clients served by a lead agency must not exceed 25 percent of that lead agency's annual alternative care program base allocation, except that when alternative care services receive federal financial participation under the 1115 waiver demonstration, funding shall be allocated in accordance with subdivision 17.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 11. Minnesota Statutes 2022, section 256B.0913, subdivision 5a, is amended to read:

Subd. 5a. **Services; service definitions; service standards.** (a) Unless specified in statute, the services, service definitions, and standards for alternative care services shall be the same as the services, service definitions, and standards specified in the federally approved elderly waiver plan, except alternative care does not cover ~~transitional support services~~, assisted living services, adult foster care services, and residential care and benefits defined under section 256B.0625 that meet primary and acute health care needs.

(b) The lead agency must ensure that the funds are not used to supplant or supplement services available through other public assistance or services programs, including supplementation of client co-pays, deductibles, premiums, or other cost-sharing arrangements for health-related benefits and services or entitlement programs and services that are available to the person, but in which they have elected not to enroll. The lead agency must ensure that the benefit department recovery system in the Medicaid Management Information System (MMIS) has the necessary information on any other health insurance or third-party insurance policy to which the client may have access. Supplies and equipment may be purchased from a vendor not certified to participate in the Medicaid program if the cost for the item is less than that of a Medicaid vendor.

(c) Personal care services must meet the service standards defined in the federally approved elderly waiver plan, except that a lead agency may authorize services to be provided by a client's relative who meets the relative hardship waiver requirements or a relative who meets the criteria and is also the responsible party under an individual service plan that ensures the client's health and safety and supervision of the personal care services by a qualified professional as defined in section 256B.0625, subdivision 19c. Relative hardship is established by the lead agency when the client's care causes a relative caregiver to do any of the following: resign from a paying job, reduce work hours resulting in lost wages, obtain a leave of absence resulting in lost wages, incur substantial client-related expenses, provide services to address authorized, unstaffed direct care time, or meet special needs of the client unmet in the formal service plan.

(d) Alternative care covers sign language interpreter services and spoken language interpreter services for recipients eligible for alternative care when the services are necessary to help deaf and hard-of-hearing recipients or recipients with limited English proficiency obtain covered services. Coverage for face-to-face spoken language interpreter services shall be provided only if the spoken language interpreter used by the enrolled health care provider is listed in the registry or roster established under section 144.058.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2022, section 256B.434, is amended by adding a subdivision to read:

Subd. 4k. **Property rate increase for certain nursing facilities.** (a) A rate increase under this subdivision ends upon the effective date of the transition of the facility's property rate to a property payment rate under section 256R.26, subdivision 8.

(b) The commissioner shall increase the property rate of a nursing facility located in the city of St. Paul at 1415 Almond Avenue in Ramsey County by \$10.65 on January 1, 2025.

(c) The commissioner shall increase the property rate of a nursing facility located in the city of Duluth at 3111 Church Place in St. Louis County by \$20.81 on January 1, 2025.

(d) The commissioner shall increase the property rate of a nursing facility located in the city of Chatfield at 1102 Liberty Street SE in Fillmore County by \$21.35 on January 1, 2025.

(e) Effective January 1, 2025, through June 30, 2025, the commissioner shall increase the property rate of a nursing facility located in the city of Fergus Falls at 1131 South Mabelle Avenue in Ottertail County by \$38.56.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 256B.49, is amended by adding a subdivision to read:

Subd. 28a. **Limited exemption from the customized living setting moratorium and age limitations.** (a) For the purposes of this subdivision, "operational" has the meaning given in subdivision 28.

(b) This paragraph applies only to customized living settings enrolled and operational on or before June 30, 2021, and customized living settings that have previously been exempt from the customized living moratorium under this paragraph. A setting for which a provider receives approval from the commissioner of health under section 144G.195, subdivision 1, to relocate a licensed assisted living facility that is also enrolled as a customized living setting to deliver 24-hour customized living services and customized living services as defined by the brain injury and community access for disability inclusion home and community-based services waiver plans and under this section is exempt from the customized living moratorium under subdivision 28.

(c) This paragraph applies only to customized living settings enrolled and operational on or before January 11, 2021, and customized living settings that have previously been deemed a tier 1 customized living setting under this paragraph. A setting for which a provider receives approval from the commissioner of health under section 144G.195, subdivision 1, to relocate a licensed assisted living facility that is also enrolled as a customized living setting to deliver 24-hour customized living services and customized living services as defined by the brain injury and community access for disability inclusion home and community-based services waiver plans and under this section must be deemed a current customized living setting, or tier 1 setting, for the purposes of the application of the home and community-based residential tiered standards under Minnesota's Home and Community-Based Services Rule Statewide Transition Plan.

EFFECTIVE DATE. This section is effective August 1, 2024, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2022, section 256R.53, is amended by adding a subdivision to read:

Subd. 4. **Nursing facility in Minnetonka.** (a) For a nursing facility located in Minnetonka and licensed for 21 beds as of February 1, 2024, the commissioner shall use funding from the moratorium exceptions process under section 144A.073 to calculate the facility's property rate beginning January 1, 2025.

(b) For the purposes of determining the total property payment rate under section 256R.26 for the facility described in paragraph (a), for a project completed in 2023, the final building valuation is equal to the lesser of the limited depreciated replacement cost as determined under section 256R.26, subdivision 3, or 105 percent of the estimated building valuation of \$6,650,000.

Sec. 15. [256S.191] ELDERLY WAIVER BUDGET AND RATE EXCEPTIONS; HIGH-NEED PARTICIPANTS.

Subdivision 1. **Eligibility for budget and rate exceptions.** A participant is eligible to request an elderly waiver budget and rate exception when:

(1) hospitalization of the participant is no longer medically necessary but the participant has not been discharged to the community due to lack of community care options;

(2) the participant requires a support plan that exceeds elderly waiver budgets and rates due to the participant's specific assessed needs; and

(3) the participant meets all eligibility criteria for the elderly waiver.

Subd. 2. **Requests for budget and rate exceptions.** (a) A participant eligible under subdivision 1 may request, in a format prescribed by the commissioner, an elderly waiver budget and rate exception when requesting an eligibility determination for elderly waiver services. The participant may request an exception to the elderly waiver case mix caps, the customized living service rate limits, service rates, or any combination of the three.

(b) The participant must document in the request that the participant's needs cannot be met within the existing case mix caps, customized living service rate limits, or service rates and how an exception to any of the three will meet the participant's needs.

(c) The participant must include in the request the basis for the underlying costs used to determine the overall cost of the proposed service plan.

(d) The commissioner must respond to all exception requests, whether the request is granted, denied, or granted as modified. The commissioner must include in the response the basis for the action and provide notification of the right to appeal.

(e) Participants granted exceptions under this section must apply annually in a format prescribed by the commissioner to continue or modify the exception.

(f) A participant no longer qualifies for an exception when the participant's needs can be met within standard elderly waiver budgets and rates.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2022, section 256S.205, subdivision 5, is amended to read:

Subd. 5. **Rate adjustment; rate floor.** (a) Notwithstanding the 24-hour customized living monthly service rate limits under section 256S.202, subdivision 2, and the component service rates established under section 256S.201, subdivision 4, the commissioner must establish a rate floor equal to ~~\$119~~ \$145 per resident per day for 24-hour customized living services provided to an elderly waiver participant in a designated disproportionate share facility.

(b) The commissioner must apply the rate floor to the services described in paragraph (a) provided during the rate year.

~~(c) The commissioner must adjust the rate floor by the same amount and at the same time as any adjustment to the 24-hour customized living monthly service rate limits under section 256S.202, subdivision 2.~~

~~(d) The commissioner shall not implement the rate floor under this section if the customized living rates established under sections 256S.21 to 256S.215 will be implemented at 100 percent on January 1 of the year following an application year.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. DIRECTION TO COMMISSIONER; HOME AND COMMUNITY-BASED SERVICES SYSTEM REFORM ANALYSIS.

(a) The commissioner of human services must study Minnesota's existing home and community-based services system for older adults and evaluate options to meet the needs of older adults with high support needs that cannot be addressed by services or individual participant budgets available under the elderly waiver. The commissioner must propose reforms to the home and community-based services system to meet the following goals:

(1) address the needs of older adults with high support needs, including older adults with high support needs currently residing in the community;

(2) develop provider capacity to meet the needs of older adults with high support needs; and

(3) ensure access to a full range of services and supports necessary to address the needs of older adults with high support needs.

(b) The commissioner must submit a report with recommendations to meet the goals in paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy by December 31, 2025.

ARTICLE 3**SUBSTANCE USE DISORDER SERVICES**

Section 1. Minnesota Statutes 2023 Supplement, section 256.042, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The council shall consist of the following 20 voting members, appointed by the commissioner of human services except as otherwise specified, and ~~three~~ four nonvoting members:

(1) two members of the house of representatives, appointed in the following sequence: the first from the majority party appointed by the speaker of the house and the second from the minority party appointed by the minority leader. Of these two members, one member must represent a district outside of the seven-county metropolitan area, and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that this requirement for geographic diversity in appointments is met;

(2) two members of the senate, appointed in the following sequence: the first from the majority party appointed by the senate majority leader and the second from the minority party appointed by the senate minority leader. Of these two members, one member must represent a district outside of the seven-county metropolitan area and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that this requirement for geographic diversity in appointments is met;

(3) one member appointed by the Board of Pharmacy;

(4) one member who is a physician appointed by the Minnesota Medical Association;

(5) one member representing opioid treatment programs, sober living programs, or substance use disorder programs licensed under chapter 245G;

(6) one member appointed by the Minnesota Society of Addiction Medicine who is an addiction psychiatrist;

(7) one member representing professionals providing alternative pain management therapies, including, but not limited to, acupuncture, chiropractic, or massage therapy;

(8) one member representing nonprofit organizations conducting initiatives to address the opioid epidemic, with the commissioner's initial appointment being a member representing the Steve Rummeler Hope Network, and subsequent appointments representing this or other organizations;

(9) one member appointed by the Minnesota Ambulance Association who is serving with an ambulance service as an emergency medical technician, advanced emergency medical technician, or paramedic;

(10) one member representing the Minnesota courts who is a judge or law enforcement officer;

(11) one public member who is a Minnesota resident and who is in opioid addiction recovery;

(12) two members representing Indian tribes, one representing the Ojibwe tribes and one representing the Dakota tribes;

(13) one member representing an urban American Indian community;

(14) one public member who is a Minnesota resident and who is suffering from chronic pain, intractable pain, or a rare disease or condition;

(15) one mental health advocate representing persons with mental illness;

(16) one member appointed by the Minnesota Hospital Association;

(17) one member representing a local health department; ~~and~~

(18) the commissioners of human services, health, and corrections, or their designees, who shall be ex officio nonvoting members of the council; and

(19) the director of the Office of Addiction and Recovery, as specified under section 4.046, subdivision 6, or their designee, who shall be an ex officio nonvoting member of the council.

(b) The commissioner of human services shall coordinate the commissioner's appointments to provide geographic, racial, and gender diversity, and shall ensure that at least one-third of council members appointed by the commissioner reside outside of the seven-county metropolitan area. Of the members appointed by the commissioner, to the extent practicable, at least one member must represent a community of color disproportionately affected by the opioid epidemic.

(c) The council is governed by section 15.059, except that members of the council shall serve three-year terms and shall receive no compensation other than reimbursement for expenses. Notwithstanding section 15.059, subdivision 6, the council shall not expire.

(d) The chair shall convene the council at least quarterly, and may convene other meetings as necessary. The chair shall convene meetings at different locations in the state to provide geographic access, and shall ensure that at least one-half of the meetings are held at locations outside of the seven-county metropolitan area.

(e) The commissioner of human services shall provide staff and administrative services for the advisory council.

(f) The council is subject to chapter 13D.

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 256.043, subdivision 3, is amended to read:

Subd. 3. **Appropriations from registration and license fee account.** (a) The appropriations in paragraphs (b) to (n) shall be made from the registration and license fee account on a fiscal year basis in the order specified.

(b) The appropriations specified in Laws 2019, chapter 63, article 3, section 1, paragraphs (b), (f), (g), and (h), as amended by Laws 2020, chapter 115, article 3, section 35, shall be made accordingly.

(c) \$100,000 is appropriated to the commissioner of human services for grants for opiate antagonist distribution. Grantees may utilize funds for opioid overdose prevention, community asset mapping, education, and opiate antagonist distribution.

(d) \$2,000,000 is appropriated to the commissioner of human services for grants to Tribal nations and five urban Indian communities for traditional healing practices for American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce.

(e) \$400,000 is appropriated to the commissioner of human services for competitive grants for opioid-focused Project ECHO programs.

(f) \$277,000 in fiscal year 2024 and \$321,000 each year thereafter is appropriated to the commissioner of human services to administer the funding distribution and reporting requirements in paragraph (o).

(g) \$3,000,000 in fiscal year 2025 and \$3,000,000 each year thereafter is appropriated to the commissioner of human services for safe recovery sites start-up and capacity building grants under section 254B.18.

(h) \$395,000 in fiscal year 2024 and \$415,000 each year thereafter is appropriated to the commissioner of human services for the opioid overdose surge alert system under section 245.891.

(i) \$300,000 is appropriated to the commissioner of management and budget for evaluation activities under section 256.042, subdivision 1, paragraph (c).

(j) \$261,000 is appropriated to the commissioner of human services for the provision of administrative services to the Opiate Epidemic Response Advisory Council and for the administration of the grants awarded under paragraph (n).

(k) \$126,000 is appropriated to the Board of Pharmacy for the collection of the registration fees under section 151.066.

(l) \$672,000 is appropriated to the commissioner of public safety for the Bureau of Criminal Apprehension. Of this amount, \$384,000 is for drug scientists and lab supplies and \$288,000 is for special agent positions focused on drug interdiction and drug trafficking.

(m) After the appropriations in paragraphs (b) to (l) are made, 50 percent of the remaining amount is appropriated to the commissioner of human services for distribution to county social service agencies and Tribal social service agency initiative projects authorized under section 256.01, subdivision 14b, to provide prevention and child protection services to children and families who are affected by addiction. The commissioner shall distribute this money proportionally to county social service agencies and Tribal social service agency initiative projects through a formula based on intake data from the previous three calendar years related to substance use and out-of-home placement episodes where parental drug abuse is the primary a reason for the out-of-home placement using data from the previous calendar year. County social service agencies and Tribal social service

agency initiative projects receiving funds from the opiate epidemic response fund must annually report to the commissioner on how the funds were used to provide prevention and child protection services, including measurable outcomes, as determined by the commissioner. County social service agencies and Tribal social service agency initiative projects must not use funds received under this paragraph to supplant current state or local funding received for child protection services for children and families who are affected by addiction.

(n) After the appropriations in paragraphs (b) to (m) are made, the remaining amount in the account is appropriated to the commissioner of human services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042, unless otherwise appropriated by the legislature.

(o) Beginning in fiscal year 2022 and each year thereafter, funds for county social service agencies and Tribal social service agency initiative projects under paragraph (m) and grant funds specified by the Opiate Epidemic Response Advisory Council under paragraph (n) may be distributed on a calendar year basis.

(p) Notwithstanding section 16A.28, subdivision 3, funds appropriated in paragraphs (c), (d), (e), (g), (m), and (n) are available for three years after the funds are appropriated.

Sec. 3. **ELECTRONIC VISIT VERIFICATION IMPLEMENTATION GRANT.**

Subdivision 1. **Establishment.** The commissioner of human services must establish a onetime grant program to assist home care service providers with a portion of the costs of implementation of electronic visit verification.

Subd. 2. **Eligible grant recipients.** Eligible grant recipients must be:

(1) providers of home care services licensed under chapter 144A;

(2) with an average daily census of at least 30 individuals; and

(3) with an average daily census of medical assistance and MinnesotaCare enrollees of 20 percent or higher in the 12 months prior to application.

Subd. 3. **Allowable uses.** Allowable uses of grant money include:

(1) administrative implementation of an electronic visit verification system, including but not limited to staff costs for loading patient information into the portal, programming, and training staff;

(2) electronic visit verification operations and maintenance, including but not limited to staff costs for addressing system flaws related to geographical location and clocking in and out;

(3) purchase and monthly fees for an upgraded electronic visit verification system;

(4) purchase of or reimbursement for cell phones and electronic tablets to be used by staff and the monthly fee for the phone service; and

(5) other activities approved by the commissioner.

Subd. 4. Application for and distribution of grant funds. In order to receive a grant under this section, providers must apply to the commissioner by November 1, 2024. Grants shall be distributed no later than February 1, 2025. Grant fund amounts awarded to each approved applicant will be determined by the total number of approved grantees and each approved applicant's medical assistance and MinnesotaCare average daily census.

Subd. 5. Expiration. This section expires June 30, 2026.

ARTICLE 4

PRIORITY ADMISSIONS AND CIVIL COMMITMENT

Section 1. Minnesota Statutes 2023 Supplement, section 253B.10, subdivision 1, is amended to read:

Subdivision 1. **Administrative requirements.** (a) When a person is committed, the court shall issue a warrant or an order committing the patient to the custody of the head of the treatment facility, state-operated treatment program, or community-based treatment program. The warrant or order shall state that the patient meets the statutory criteria for civil commitment.

(b) The commissioner shall prioritize patients being admitted from jail or a correctional institution who are for admission to a medically appropriate direct care and treatment program based on the decisions of physicians in the executive medical director's office, using a priority admissions framework. The framework must account for a range of factors for priority admission, including but not limited to:

(1) ordered confined in a state-operated treatment program for an examination under Minnesota Rules of Criminal Procedure, rules 20.01, subdivision 4, paragraph (a), and 20.02, subdivision 2 the length of time the person has been on a waiting list for admission to a direct care and treatment program since the date of the order under paragraph (a);

(2) under civil commitment for competency treatment and continuing supervision under Minnesota Rules of Criminal Procedure, rule 20.01, subdivision 7 the intensity of the treatment the person needs, based on medical acuity;

(3) found not guilty by reason of mental illness under Minnesota Rules of Criminal Procedure, rule 20.02, subdivision 8, and under civil commitment or are ordered to be detained in a state-operated treatment program pending completion of the civil commitment proceedings; or the person's revoked provisional discharge status;

(4) committed under this chapter to the commissioner after dismissal of the patient's criminal charges. the person's safety and safety of others in the person's current environment;

(5) whether the person has access to necessary or court-ordered treatment;

(6) distinct and articulable negative impacts of an admission delay on the facility referring the individual for treatment; and

(7) any relevant federal prioritization requirements.

Patients described in this paragraph must be admitted to a state-operated treatment program within 48 hours. The commitment must be ordered by the court as provided in section 253B.09, subdivision 1, paragraph (d).

(c) Upon the arrival of a patient at the designated treatment facility, state-operated treatment program, or community-based treatment program, the head of the facility or program shall retain the duplicate of the warrant and endorse receipt upon the original warrant or acknowledge receipt of the order. The endorsed receipt or acknowledgment must be filed in the court of commitment. After arrival, the patient shall be under the control and custody of the head of the facility or program.

(d) Copies of the petition for commitment, the court's findings of fact and conclusions of law, the court order committing the patient, the report of the court examiners, and the prepetition report, and any medical and behavioral information available shall be provided at the time of admission of a patient to the designated treatment facility or program to which the patient is committed. Upon a patient's referral to the commissioner of human services for admission pursuant to subdivision 1, paragraph (b), any inpatient hospital, treatment facility, jail, or correctional facility that has provided care or supervision to the patient in the previous two years shall, when requested by the treatment facility or commissioner, provide copies of the patient's medical and behavioral records to the Department of Human Services for purposes of preadmission planning. This information shall be provided by the head of the treatment facility to treatment facility staff in a consistent and timely manner and pursuant to all applicable laws.

(e) Patients described in paragraph (b) must be admitted to a state-operated treatment program within 48 hours of the Office of Medical Director, under section 246.018, or a designee determining that a medically appropriate bed is available. This paragraph expires on June 30, 2025.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Laws 2024, chapter 79, article 1, section 3, is amended to read:

Sec. 3. Minnesota Statutes 2023 Supplement, section 246.0135, is amended to read:

246.0135 OPERATION OF REGIONAL TREATMENT CENTERS.

(a) The executive board is prohibited from closing any regional treatment center or state-operated nursing home ~~or, from closing any program at any of the regional treatment centers or state-operated nursing homes, and from closing the community addiction recovery enterprise program located in Carlton or modifying the population served by the program,~~ without specific legislative authorization.

(b) Prior to closing or downsizing a regional treatment center, the executive board is responsible for assuring that community-based alternatives developed in response are adequate to meet the program needs identified by each county within the catchment area and do not require additional local county property tax expenditures.

(c) The nonfederal share of the cost of alternative treatment or care developed as the result of the closure of a regional treatment center, including costs associated with fulfillment of responsibilities under chapter 253B must be paid from state money appropriated for purposes specified in section 246C.11.

(d) The executive board must not divert state money used for providing for care or treatment of persons residing in a regional treatment center for purposes unrelated to the care and treatment of such persons.

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

Sec. 3. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; REIMBURSEMENT TO BELTRAMI COUNTY OR TODD COUNTY FOR CERTAIN COST OF CARE PAYMENTS.

(a) Notwithstanding Minnesota Statutes 2021 Supplement, section 246.54, subdivisions 1a and 1b; Minnesota Statutes 2022, section 246.54, subdivisions 1a and 1b; or any other law to the contrary, the commissioner of human services must not sanction or otherwise seek payment from Beltrami County or Todd County for outstanding debts for the cost of care provided between July 1, 2022, and June 30, 2023, under:

(1) Minnesota Statutes, section 246.54, subdivision 1a, paragraph (a), clause (3), to a person committed as a person who has a mental illness and is dangerous to the public under Minnesota Statutes, section 253B.18, and who was awaiting transfer from Anoka-Metro Regional Treatment Center to another state-operated facility or program; or

(2) Minnesota Statutes, section 246.54, subdivision 1b, paragraph (a), clause (1), to a person committed as a person who has a mental illness and is dangerous to the public under Minnesota Statutes, section 253B.18, and who was awaiting transfer from a state-operated community-based behavioral health hospital to another state-operated facility or program.

(b) The commissioner must reimburse Beltrami County and Todd County with state-only money any amount previously paid to the state or otherwise recovered by the commissioner from Beltrami County or Todd County for the cost of care identified in paragraph (a).

(c) Nothing in this section prohibits the commissioner from seeking reimbursement from Beltrami County or from Todd County for the cost of care provided in Anoka-Metro Regional Treatment Center or a state-operated community-based behavioral health hospital for care not described in paragraph (a).

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

Sec. 4. ENGAGEMENT SERVICES PILOT PROJECT.

Subdivision 1. **Creation.** The commissioner of human services shall provide a grant to Otter Tail county to conduct a pilot project involving the provision of engagement services under Minnesota Statutes, section 253B.041.

Subd. 2. **Allowable grant activities.** (a) The grantee must use grant money to:

(1) develop a system to respond to requests for engagement services;

(2) provide the following engagement services, taking into account an individual's preferences for treatment services and supports:

(i) assertive attempts to engage an individual in voluntary treatment for mental illness for at least 90 days;

(ii) efforts to engage an individual's existing support systems and interested persons, including but not limited to providing education on restricting means of harm and suicide prevention, when the provider determines that such engagement would be helpful; and

(iii) collaboration with the individual to meet the individual's immediate needs, including but not limited to housing access, food and income assistance, disability verification, medication management, and medical treatment;

(3) conduct outreach to families and providers; and

(4) evaluate the impact of engagement services on decreasing civil commitments, increasing engagement in treatment, decreasing police involvement with individuals exhibiting symptoms of serious mental illness, and other measures.

(b) Engagement services staff must have completed training on person-centered care. Staff may include but are not limited to mobile crisis providers under Minnesota Statutes, section 256B.0624; certified peer specialists under Minnesota Statutes, section 256B.0615; community-based treatment programs staff; and homeless outreach workers.

Sec. 5. HOSPITAL ADMISSION EXCEPTION TO CURRENT PRIORITY ADMISSION.

(a) Notwithstanding Minnesota Statutes, section 253B.10, subdivision 1, paragraph (b), the commissioner of human services must admit to a medically appropriate state-operated treatment program ten civilly committed patients who are awaiting admission in hospital settings. Admissions of patients awaiting admission in hospital settings must be managed according to the priority admissions framework under Minnesota Statutes, section 253B.10, subdivision 1, paragraph (b).

(b) This section expires upon admission of the tenth patient who has been civilly committed and is awaiting admission in a hospital setting.

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

Sec. 6. MENTALLY ILL AND DANGEROUS CIVIL COMMITMENT REFORM TASK FORCE.

Subdivision 1. **Establishment; purpose.** The Mentally Ill and Dangerous Civil Commitment Reform Task Force is established to evaluate current statutes related to mentally ill and dangerous civil commitments and develop recommendations to optimize the use of state-operated mental health resources and increase equitable access and outcomes for patients.

Subd. 2. **Membership.** (a) The Mentally Ill and Dangerous Civil Commitment Reform Task Force consists of the members appointed as follows:

(1) the commissioner of human services or a designee;

(2) two members representing the Department of Direct Care and Treatment who have experience with mentally ill and dangerous civil commitments, appointed by the commissioner of human services;

(3) the ombudsman for mental health and developmental disabilities;

(4) a judge with experience presiding over mentally ill and dangerous civil commitments, appointed by the state court administrator;

(5) a court examiner with experience participating in mentally ill and dangerous civil commitments, appointed by the state court administrator;

(6) a member of the Special Review Board, appointed by the state court administrator;

(7) a county representative, appointed by the Association of Minnesota Counties;

(8) a representative appointed by the Minnesota Association of County Social Service Administrators;

(9) a county attorney with experience participating in mentally ill and dangerous civil commitments, appointed by the Minnesota County Attorneys Association;

(10) an attorney with experience representing respondents in mentally ill and dangerous civil commitments, appointed by the governor;

(11) a member appointed by the Minnesota Association of Community Mental Health Programs;

(12) a member appointed by the National Alliance on Mental Illness Minnesota;

(13) a licensed independent practitioner with experience treating individuals subject to a mentally ill and dangerous civil commitment; and

(14) an individual with lived experience under civil commitment as mentally ill and dangerous and who is on a provisional discharge or has been discharged from commitment.

(b) A member of the legislature may not serve as a member of the task force.

(c) Appointments to the task force must be made no later than July 30, 2024.

Subd. 3. Compensation; removal; vacancy. (a) Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, members of the task force may be compensated as provided under Minnesota Statutes, section 15.059, subdivision 3.

(b) A member may be removed by the appointing authority at any time at the pleasure of the appointing authority. In the case of a vacancy on the task force, the appointing authority shall appoint an individual to fill the vacancy for the remainder of the unexpired term.

Subd. 4. Officers; meetings. (a) The commissioner of human services shall convene the first meeting of the task force no later than September 1, 2024.

(b) The task force must elect a chair and vice-chair from among its members and may elect other officers as necessary.

(c) The task force is subject to Minnesota Statutes, chapter 13D.

Subd. 5. **Staff.** The commissioner of human services must provide staff assistance to support the work of the task force.

Subd. 6. **Data usage and privacy.** Any data provided by executive agencies as part of the work and report of the task force are subject to the requirements of Minnesota Statutes, chapter 13, and all other applicable data privacy laws.

Subd. 7. **Duties.** The task force must:

(1) analyze current trends in mentally ill and dangerous civil commitments, including but not limited to the length of stay for individuals committed in Minnesota as compared to other jurisdictions;

(2) review national practices and criteria for civil commitment of individuals who have a mental illness and represent a danger to the public;

(3) develop recommended statutory changes necessary to provide services to the high number of mentally ill and dangerous civilly committed individuals;

(4) develop funding and statutory recommendations for alternatives to the current mentally ill and dangerous civil commitment process;

(5) identify what types of placements and services are necessary to serve individuals civilly committed as mentally ill and dangerous in the community;

(6) make recommendations to reduce barriers to discharge from the forensic mental health program for individuals civilly committed as mentally ill and dangerous;

(7) develop recommended plain language statutory changes to clarify operational definitions for terms used within Minnesota Statutes, section 253B.18;

(8) develop recommended statutory changes to provide clear direction to the commissioner of human services and facilities to which individuals are civilly committed to address situations in which an individual is committed as mentally ill and dangerous and is later determined to not have an organic disorder of the brain or a substantial psychiatric disorder of thought, mood, perception, orientation, or memory; and

(9) evaluate and make statutory and funding recommendations for the voluntary return of individuals civilly committed as mentally ill and dangerous to community facilities.

Subd. 8. **Report required.** By August 1, 2025, the task force shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over mentally ill and dangerous civil commitments a written report that includes the outcome of the duties in subdivision 7, including but not limited to recommended statutory changes.

Subd. 9. **Expiration.** The task force expires January 1, 2026.

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

Sec. 7. **PRIORITY ADMISSIONS REVIEW PANEL.**

(a) The commissioner shall appoint all members who served on the Task Force on Priority Admissions to State-Operated Treatment Programs under Laws 2023, chapter 61, article 8, section 13, subdivision 2, to the priority admissions review panel. The panel must:

(1) evaluate the requirement under Minnesota Statutes, section 253B.10, subdivision 1, paragraph (b), that patients being admitted from jail or a correctional institution be admitted to a state-operated treatment program within 48 hours;

(2) develop policy and legislative proposals related to the eventual expiration of the 48-hour timeline, prioritizing individuals based on medical need for admission into state-operated treatment programs, minimizing litigation costs, maximizing capacity in and access to state-operated treatment programs in order to implement admissions criteria passed on medical need, and addressing issues related to individuals awaiting admission to state-operated treatment programs in jails, correctional institutions, community hospitals, and community settings; and

(3) develop a plan to expand direct care and treatment capacity. The plan must include clear definitions of what constitutes expanded capacity; an estimate of the capital, administrative, staffing, and programmatic costs of expanding capacity; an expansion implementation and workforce plan developed in consultation with the employees of direct care and treatment; and a proposal for the expiration of the 48-hour rule contingent on meeting a measurable capacity expansion goal.

(b) By December 31, 2024, the review panel must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety and human services finance and policy that includes legislative proposals to amend paragraph (b) to establish admissions criteria to state-operated treatment programs based on medical need.

(c) The panel appointed under paragraph (a) must also advise the commissioner on the effectiveness of the framework and priority admissions generally and review de-identified data quarterly for one year following the implementation of the priority admissions framework to ensure that the framework is implemented and applied equitably. If the panel requests to review data that is classified as private or confidential and the commissioner determines the data requested is necessary for the scope of the panel's review, the commissioner is authorized to disclose private or confidential data to the panel under this paragraph and pursuant to Minnesota Statutes, section 13.05, subdivision 4, paragraph (b), for private or confidential data collected prior to the effective date of this section.

(d) After the panel completes its year of review, a quality committee established by the Department of Direct Care and Treatment executive board will continue to review data, seek input from counties, hospitals, community providers, and advocates, and provide a routine report to the executive board on the effectiveness of the framework and priority admissions.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 5**DIRECT CARE AND TREATMENT**

Section 1. Minnesota Statutes 2023 Supplement, section 10.65, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "agency" means the Department of Administration; Department of Agriculture; Department of Children, Youth, and Families; Department of Commerce; Department of Corrections; Department of Education; Department of Employment and Economic Development; Department of Health; Office of Higher Education; Housing Finance Agency; Department of Human Rights; Department of Human Services; Department of Information Technology Services; Department of Iron Range Resources and Rehabilitation; Department of Labor and Industry; Minnesota Management and Budget; Bureau of Mediation Services; Department of Military Affairs; Metropolitan Council; Department of Natural Resources; Pollution Control Agency; Department of Public Safety; Department of Revenue; Department of Transportation; Department of Veterans Affairs; Direct Care and Treatment; Gambling Control Board; Racing Commission; the Minnesota Lottery; the Animal Health Board; and the Board of Water and Soil Resources;

(2) "consultation" means the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process. This definition adds to statutorily mandated notification procedures. During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation;

(3) "matters that have Tribal implications" means rules, legislative proposals, policy statements, or other actions that have substantial direct effects on one or more Minnesota Tribal governments, or on the distribution of power and responsibilities between the state and Minnesota Tribal governments;

(4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community; and Upper Sioux Community; and

(5) "timely and meaningful" means done or occurring at a favorable or useful time that allows the result of consultation to be included in the agency's decision-making process for a matter that has Tribal implications.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 13.46, subdivision 1, as amended by Laws 2024, chapter 79, article 9, section 1, and Laws 2024, chapter 80, article 8, section 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section:

(a) "Individual" means an individual according to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system according to statute or federal law, including but not limited to Native American Tribe programs that provide a service component of the welfare system, the Minnesota family investment program, medical assistance, general assistance, general assistance medical care formerly codified in chapter 256D, the child care assistance program, and child support collections.

(c) "Welfare system" includes the Department of Human Services; ~~the Department of Direct Care and Treatment;~~ the Department of Children, Youth, and Families; local social services agencies; county welfare agencies; county public health agencies; county veteran services agencies; county housing agencies; private licensing agencies; the public authority responsible for child support enforcement; human services boards; community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and developmental disabilities; Native American Tribes to the extent a Tribe provides a service component of the welfare system; and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, ~~Department of Direct Care and Treatment~~ mental health services, or the ombudsman for mental health and developmental disabilities.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

(f) "Private licensing agency" means an agency licensed by the commissioner of children, youth, and families under chapter 142B to perform the duties under section 142B.30.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. Minnesota Statutes 2023 Supplement, section 13.46, subdivision 2, as amended by Laws 2024, chapter 80, article 8, section 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security or individual taxpayer identification numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services; the Department of Employment and Economic Development; the Department of Children, Youth, and Families; Direct Care and Treatment; and, when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security or individual taxpayer identification numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security or individual taxpayer identification number, and, if available, photograph of any member of a household receiving SNAP benefits shall be made available, on

request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies,

and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services; Children, Youth, and Families; and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services; Department of Children, Youth, and Families; Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c); Department of Health; Department of Employment and Economic Development; and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Children, Youth, and Families operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for substance use disorder may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 13.46, subdivision 10, as amended by Laws 2024, chapter 79, article 9, section 2, is amended to read:

Subd. 10. **Responsible authority.** (a) Notwithstanding any other provision of this chapter to the contrary, the responsible authority for each component of the welfare system listed in subdivision 1, clause (c), shall be as follows:

(1) the responsible authority for the Department of Human Services is the commissioner of human services;

(2) the responsible authority of a county welfare agency is the director of the county welfare agency;

(3) the responsible authority for a local social services agency, human services board, or community mental health center board is the chair of the board;

(4) the responsible authority of any person, agency, institution, organization, or other entity under contract to any of the components of the welfare system listed in subdivision 1, clause (c), is the person specified in the contract;

(5) the responsible authority of the public authority for child support enforcement is the head of the public authority for child support enforcement;

(6) the responsible authority for county veteran services is the county veterans service officer pursuant to section 197.603, subdivision 2; and

(7) the responsible authority for ~~the Department of Direct Care and Treatment~~ is the chief executive officer of Direct Care and Treatment executive board.

(b) A responsible authority shall allow another responsible authority in the welfare system access to data classified as not public data when access is necessary for the administration and management of programs, or as authorized or required by statute or federal law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 5. Minnesota Statutes 2023 Supplement, section 15.01, is amended to read:

15.01 DEPARTMENTS OF THE STATE.

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Children, Youth, and Families; the Department of Commerce; the Department of Corrections; ~~the Department of Direct Care and Treatment~~; the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Human Services; the Department of Information Technology Services; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 6. Minnesota Statutes 2023 Supplement, section 15.06, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** This section applies to the following departments or agencies: the Departments of Administration; Agriculture; Children, Youth, and Families; Commerce; Corrections; ~~Direct Care and Treatment~~; Education; Employment and Economic Development; Health; Human Rights; Human Services; Labor and Industry; Management and Budget; Natural Resources; Public Safety; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the Office of Commissioner of Iron Range Resources and Rehabilitation; the Department of Information Technology Services; the Bureau of Mediation Services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 7. Minnesota Statutes 2023 Supplement, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Agency head salaries.** The salary for a position listed in this subdivision shall be determined by the Compensation Council under section 15A.082. The commissioner of management and budget must publish the salaries on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of children, youth, and families;
Commissioner of commerce;
Commissioner of corrections;
Commissioner of health;
Commissioner, Minnesota Office of Higher Education;
Commissioner, Minnesota IT Services;
Commissioner, Housing Finance Agency;
Commissioner of human rights;
Commissioner of human services;
Commissioner of labor and industry;
Commissioner of management and budget;
Commissioner of natural resources;
Commissioner, Pollution Control Agency;
Commissioner of public safety;
Commissioner of revenue;
Commissioner of employment and economic development;
Commissioner of transportation;
Commissioner of veterans affairs;
Executive director of the Gambling Control Board;
Executive director of the Minnesota State Lottery;
Commissioner of Iron Range resources and rehabilitation;
Commissioner, Bureau of Mediation Services;
Ombudsman for mental health and developmental disabilities;
Ombudsperson for corrections;
Chair, Metropolitan Council;
Chair, Metropolitan Airports Commission;

School trust lands director;

Executive director of pari-mutuel racing; ~~and~~

Commissioner, Public Utilities Commission; and

Chief Executive Officer, Direct Care and Treatment.

Sec. 8. Minnesota Statutes 2023 Supplement, section 15A.082, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A Compensation Council is created each odd-numbered year to establish the compensation of constitutional officers and the heads of state and metropolitan agencies identified in section 15A.0815, ~~and~~ to assist the legislature in establishing the compensation of justices of the supreme court and judges of the court of appeals and district court, and to determine the daily compensation for voting members of the Direct Care and Treatment executive board.

Sec. 9. Minnesota Statutes 2023 Supplement, section 15A.082, subdivision 3, is amended to read:

Subd. 3. **Submission of recommendations and determination.** (a) By April 1 in each odd-numbered year, the Compensation Council shall submit to the speaker of the house and the president of the senate salary recommendations for justices of the supreme court, and judges of the court of appeals and district court. The recommended salaries take effect on July 1 of that year and July 1 of the subsequent even-numbered year and at whatever interval the council recommends thereafter, unless the legislature by law provides otherwise. The salary recommendations take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected.

(b) By April 1 in each odd-numbered year, the Compensation Council must prescribe salaries for constitutional officers, and for the agency and metropolitan agency heads identified in section 15A.0815. The prescribed salary for each office must take effect July 1 of that year and July 1 of the subsequent even-numbered year and at whatever interval the council determines thereafter, unless the legislature by law provides otherwise. An appropriation by the legislature to fund the relevant office, branch, or agency of an amount sufficient to pay the salaries prescribed by the council constitutes a prescription by law as provided in the Minnesota Constitution, article V, sections 4 and 5.

(c) By April 1 in each odd-numbered year, the Compensation Council must prescribe daily compensation for voting members of the Direct Care and Treatment executive board. The recommended daily compensation takes effect on July 1 of that year and July 1 of the subsequent even-numbered year and at whatever interval the council recommends thereafter, unless the legislature by law provides otherwise.

Sec. 10. Minnesota Statutes 2023 Supplement, section 15A.082, subdivision 7, is amended to read:

Subd. 7. **No ex parte communications.** Members may not have any communication with a constitutional officer, a head of a state agency, ~~or~~ a member of the judiciary, or a member of the Direct Care and Treatment executive board during the period after the first meeting is convened under this section and the date the prescribed and recommended salaries and daily compensation are submitted under subdivision 3.

Sec. 11. Minnesota Statutes 2023 Supplement, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. **Unclassified positions.** Unclassified positions are held by employees who are:

- (1) chosen by election or appointed to fill an elective office;
- (2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;
- (3) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a;
- (4) the confidential secretary to each of the elective officers of this state and, for the secretary of state and state auditor, an additional deputy, clerk, or employee;
- (5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the Office of the Adjutant General;
- (7) employees of the Washington, D.C., office of the state of Minnesota;
- (8) employees of the legislature and of legislative committees or commissions; provided that employees of the Legislative Audit Commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;
- (9) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal Economic Opportunity Act work study program in the Perpich Center for Arts Education and the Minnesota State Colleges and Universities, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;
- (10) officers and enlisted persons in the National Guard;
- (11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;
- (12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the Department of Labor and Industry;

(13) members of the State Patrol; provided that selection and appointment of State Patrol troopers must be made in accordance with applicable laws governing the classified service;

(14) examination monitors and intermittent training instructors employed by the Departments of Management and Budget and Commerce and by professional examining boards and intermittent staff employed by the technical colleges for the administration of practical skills tests and for the staging of instructional demonstrations;

(15) student workers;

(16) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;

(17) employees unclassified pursuant to other statutory authority;

(18) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation; and

(19) the administrators and the deputy administrators at the State Academies for the Deaf and the Blind; ~~and.~~

~~(20) chief executive officers in the Department of Human Services.~~

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 12. Minnesota Statutes 2023 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Children, Youth, and Families; Commerce; Corrections; ~~Direct Care and Treatment~~; Education; Employment and Economic Development; Explore Minnesota Tourism; Management and Budget; Health; Human Rights; Human Services; Labor and Industry; Natural Resources; Public Safety; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the State Board of Investment; the Office of Administrative Hearings; the Department of Information Technology Services; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Minnesota Office of Higher Education; the Perpich Center for Arts Education; Direct Care and Treatment; and the Minnesota Zoological Board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 145.61, subdivision 5, is amended to read:

Subd. 5. **Review organization.** "Review organization" means a nonprofit organization acting according to clause (1), a committee as defined under section 144E.32, subdivision 2, or a committee whose membership is limited to professionals, administrative staff, and consumer directors, except where otherwise provided for by state or federal law, and which is established by one or more of the following: a hospital, a clinic, a nursing home, an ambulance service or first responder service regulated under chapter 144E, one or more state or local associations of professionals, an organization of professionals from a particular area or medical institution, a health maintenance organization as defined in chapter 62D, a community integrated service network as defined in chapter 62N, a nonprofit health service plan corporation as defined in chapter 62C, a preferred provider organization, a professional standards review organization established pursuant to United States Code, title 42, section 1320c-1 et seq., a medical review agent established to meet the requirements of section 256B.04, subdivision 15, the Department of Human Services, Direct Care and Treatment, or a nonprofit corporation that owns, operates, or is established by one or more of the above referenced entities, to gather and review information relating to the care and treatment of patients for the purposes of:

(a) evaluating and improving the quality of health care;

(b) reducing morbidity or mortality;

(c) obtaining and disseminating statistics and information relative to the treatment and prevention of diseases, illness and injuries;

(d) developing and publishing guidelines showing the norms of health care in the area or medical institution or in the entity or organization that established the review organization;

(e) developing and publishing guidelines designed to keep within reasonable bounds the cost of health care;

(f) developing and publishing guidelines designed to improve the safety of care provided to individuals;

(g) reviewing the safety, quality, or cost of health care services provided to enrollees of health maintenance organizations, community integrated service networks, health service plans, preferred provider organizations, and insurance companies;

(h) acting as a professional standards review organization pursuant to United States Code, title 42, section 1320c-1 et seq.;

(i) determining whether a professional shall be granted staff privileges in a medical institution, membership in a state or local association of professionals, or participating status in a nonprofit health service plan corporation, health maintenance organization, community integrated service network, preferred provider organization, or insurance company, or whether a professional's staff privileges, membership, or participation status should be limited, suspended or revoked;

(j) reviewing, ruling on, or advising on controversies, disputes or questions between:

(1) health insurance carriers, nonprofit health service plan corporations, health maintenance organizations, community integrated service networks, self-insurers and their insureds, subscribers, enrollees, or other covered persons;

(2) professional licensing boards and health providers licensed by them;

(3) professionals and their patients concerning diagnosis, treatment or care, or the charges or fees therefor;

(4) professionals and health insurance carriers, nonprofit health service plan corporations, health maintenance organizations, community integrated service networks, or self-insurers concerning a charge or fee for health care services provided to an insured, subscriber, enrollee, or other covered person;

(5) professionals or their patients and the federal, state, or local government, or agencies thereof;

(k) providing underwriting assistance in connection with professional liability insurance coverage applied for or obtained by dentists, or providing assistance to underwriters in evaluating claims against dentists;

(l) acting as a medical review agent under section 256B.04, subdivision 15;

(m) providing recommendations on the medical necessity of a health service, or the relevant prevailing community standard for a health service;

(n) providing quality assurance as required by United States Code, title 42, sections 1396r(b)(1)(b) and 1395i-3(b)(1)(b) of the Social Security Act;

(o) providing information to group purchasers of health care services when that information was originally generated within the review organization for a purpose specified by this subdivision;

(p) providing information to other, affiliated or nonaffiliated review organizations, when that information was originally generated within the review organization for a purpose specified by this subdivision, and as long as that information will further the purposes of a review organization as specified by this subdivision; or

(q) participating in a standardized incident reporting system, including Internet-based applications, to share information for the purpose of identifying and analyzing trends in medical error and iatrogenic injury.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 246.018, subdivision 3, as amended by Laws 2024, chapter 79, article 1, section 6, is amended to read:

Subd. 3. **Duties.** The executive medical director shall:

(1) oversee the clinical provision of inpatient mental health services provided in the state's regional treatment centers;

(2) recruit and retain psychiatrists to serve on the direct care and treatment medical staff established in subdivision 4;

(3) consult with the executive board, the chief executive officer, and community mental health center directors, ~~and the state-operated services governing body~~ to develop standards for treatment and care of patients in state-operated service programs;

(4) develop and oversee a continuing education program for members of the medical staff; and

(5) participate and cooperate in the development and maintenance of a quality assurance program for state-operated services that assures that residents receive continuous quality inpatient, outpatient, and postdischarge care.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 246.13, subdivision 2, as amended by Laws 2024, chapter 79, article 2, section 4, is amended to read:

Subd. 2. **Definitions; risk assessment and management.** (a) As used in this section:

(1) "appropriate and necessary medical and other records" includes patient medical records and other protected health information as defined by Code of Federal Regulations, title 45, section 164.501, relating to a patient in a state-operated services facility including but not limited to the patient's treatment plan and abuse prevention plan pertinent to the patient's ongoing care, treatment, or placement in a community-based treatment facility or a health care facility that is not operated by state-operated services, including information describing the level of risk posed by a patient when the patient enters the facility;

(2) "community-based treatment" means the community support services listed in section 253B.02, subdivision 4b;

(3) "criminal history data" means data maintained or used by the Departments of Corrections and Public Safety and by the supervisory authorities listed in section 13.84, subdivision 1, that relate to an individual's criminal history or propensity for violence, including data in the:

- (i) Corrections Offender Management System (COMS);
 - (ii) Statewide Supervision System (S3);
 - (iii) Bureau of Criminal Apprehension criminal history data as defined in section 13.87;
 - (iv) Integrated Search Service as defined in section 13.873; and
 - (v) Predatory Offender Registration (POR) system;
- (4) "designated agency" means the agency defined in section 253B.02, subdivision 5;

(5) "law enforcement agency" means the law enforcement agency having primary jurisdiction over the location where the offender expects to reside upon release;

(6) "predatory offender" and "offender" mean a person who is required to register as a predatory offender under section 243.166; and

(7) "treatment facility" means a facility as defined in section 253B.02, subdivision 19.

(b) To promote public safety and for the purposes and subject to the requirements of this paragraph, the executive board or the executive board's designee shall have access to, and may review and disclose, medical and criminal history data as provided by this section, as necessary to comply with Minnesota Rules, part 1205.0400, to:

(1) determine whether a patient is required under state law to register as a predatory offender according to section 243.166;

(2) facilitate and expedite the responsibilities of the special review board and end-of-confinement review committees by corrections institutions and state treatment facilities;

(3) prepare, amend, or revise the abuse prevention plans required under section 626.557, subdivision 14, and individual patient treatment plans required under section 253B.03, subdivision 7;

(4) facilitate the custody, supervision, and transport of individuals transferred between the Department of Corrections and ~~the Department of Direct Care and Treatment~~; and

(5) effectively monitor and supervise individuals who are under the authority of the Department of Corrections, ~~the Department of Direct Care and Treatment~~, and the supervisory authorities listed in section 13.84, subdivision 1.

(c) The state-operated services treatment facility or a designee must make a good faith effort to obtain written authorization from the patient before releasing information from the patient's medical record.

(d) If the patient refuses or is unable to give informed consent to authorize the release of information required under this subdivision, the chief executive officer ~~for state-operated services~~ or a designee shall provide the appropriate and necessary medical and other records. The chief executive officer or a designee shall comply with the minimum necessary privacy requirements.

(e) The executive board may have access to the National Crime Information Center (NCIC) database through the Department of Public Safety in support of the public safety functions described in paragraph (b).

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 16. Minnesota Statutes 2022, section 246.234, as amended by Laws 2024, chapter 79, article 1, section 11, is amended to read:

246.234 RECIPROCAL EXCHANGE OF CERTAIN PERSONS.

The executive board is ~~hereby~~ authorized with the approval of the governor to enter into reciprocal agreements with duly authorized authorities of ~~any other~~ another state or states regarding the mutual exchange, return, and transportation of persons with a mental illness or developmental disability who are within the confines of one state but have legal residence or legal settlement for the purposes of relief in another state. ~~Such agreements~~ Any agreement entered into under this subdivision must not contain provisions conflicting any provision that conflicts with any law of this state law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 17. Minnesota Statutes 2022, section 246.36, as amended by Laws 2024, chapter 79, article 1, section 14, is amended to read:

246.36 ACCEPTANCE OF VOLUNTARY, UNCOMPENSATED SERVICES.

For the purpose of carrying out a duty, the executive board ~~shall have authority to~~ may accept uncompensated and voluntary services and ~~to~~ may enter into contracts or agreements with private or public agencies, organizations, or persons for uncompensated and voluntary services as the executive board deems practicable. Uncompensated and voluntary services do not include services mandated by licensure and certification requirements for health care facilities. The volunteer agencies, organizations, or persons who provide services to residents of state facilities operated under the authority of the executive board are not subject to the procurement requirements of chapters 16A and 16C. ~~The agencies, organizations, or persons may purchase supplies, services, and equipment to be used in providing services to residents of state facilities through the Department of Administration.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 18. Minnesota Statutes 2023 Supplement, section 246C.01, is amended to read:

246C.01 TITLE.

This chapter may be cited as the "~~Department of~~ Direct Care and Treatment Act."

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 19. Minnesota Statutes 2023 Supplement, section 246C.02, as amended by Laws 2024, chapter 79, article 1, section 19, is amended to read:

246C.02 DEPARTMENT OF DIRECT CARE AND TREATMENT; ESTABLISHMENT.

Subdivision 1. **Establishment.** ~~The Department of Direct Care and Treatment is created as an agency headed by an executive board. An executive board shall head the Department of Direct Care and Treatment.~~

~~Subd. 2. **Mission.** (a) The executive board shall develop and maintain direct care and treatment in a manner consistent with applicable law, including chapters 13, 245, 246, 246B, 252, 253, 253B, 253C, 253D, 254A, 254B, and 256.~~

~~(b) The executive board shall provide direct care and treatment services in coordination with the commissioner of human services, counties, and other vendors.~~

Subd. 3. **Direct care and treatment services.** Direct Care and Treatment ~~services~~ shall provide direct care and treatment services that include specialized inpatient programs at secure treatment facilities, community preparation services, regional treatment centers, enterprise services, consultative services, aftercare services, community-based services and programs, transition services, nursing home services, and other services consistent with the mission of the Department of Direct Care and Treatment state law, including this chapter and chapters 245, 246, 246B, 252, 253, 253B, 253C, 253D, 254A, 254B, and 256. Direct Care and Treatment shall provide direct care and treatment services in coordination with the commissioner of human services, counties, and other vendors.

Subd. 4. **Statewide services.** (a) The administrative structure of state-operated services must be statewide in character.

(b) The state-operated services staff may deliver services at any location throughout the state.

Subd. 5. **Department of Human Services as state agency.** The commissioner of human services continues to constitute the "state agency" as defined by the Social Security Act of the United States and the laws of this state for all purposes relating to mental health and mental hygiene.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 20. Minnesota Statutes 2023 Supplement, section 246C.04, as amended by Laws 2024, chapter 79, article 1, section 21, is amended to read:

246C.04 TRANSFER OF DUTIES.

Subdivision 1. **Transfer of duties.** (a) Section 15.039 applies to the transfer of ~~duties~~ responsibilities from the Department of Human Services to Direct Care and Treatment required by this chapter.

(b) The commissioner of administration, with the governor's approval, shall issue reorganization orders under section 16B.37 as necessary to carry out the transfer of duties required by ~~section 246C.03~~ this chapter. The provision of section 16B.37, subdivision 1, stating that transfers under section 16B.37 may only be to an agency that has existed for at least one year does not apply to transfers to an agency created by this chapter.

(e) ~~The initial salary for the health systems chief executive officer of the Department of Direct Care and Treatment is the same as the salary for the health systems chief executive officer of direct care and treatment at the Department of Human Services immediately before July 1, 2024.~~

Subd. 2. **Transfer of custody of civilly committed persons.** The commissioner of human services shall continue to exercise all authority and responsibility for and retain custody of persons subject to civil commitment under chapter 253B or 253D until July 1, 2025. Effective July 1, 2025, custody of persons subject to civil commitment under chapter 253B or 253D and in the custody of the commissioner of human services as of that date is hereby transferred to the executive board without any further act or proceeding. Authority and responsibility for the commitment of such persons is transferred to the executive board July 1, 2025.

Subd. 3. **Control of direct care and treatment.** The commissioner of human services shall continue to exercise all authorities and responsibilities under this chapter and chapters 13, 245, 246, 246B, 252, 253, 253B, 253C, 253D, 254A, 254B, and 256, with reference to any state-operated service, program, or facility subject to transfer under this act until July 1, 2025. Effective July 1, 2025, the powers and duties vested in or imposed upon the commissioner of human services with reference to any state-operated service, program, or facility are hereby transferred to, vested in, and imposed upon the executive board according to this chapter and applicable state law. Effective July 1, 2025, the executive board ~~is hereby charged with and~~ has the exclusive power of administration and management of all state hospitals for persons with a developmental disability, mental illness, or substance use disorder. Effective July 1, 2025, the executive board has the power and authority to determine all matters relating to the development of all of the foregoing institutions and of such other institutions vested in the executive board. Effective July 1, 2025, the powers, functions, and authority vested in the commissioner of human services relative to such state institutions are hereby transferred to the executive board according to this chapter and applicable state law.

Subd. 4. **Appropriations.** There is hereby appropriated to such persons or institutions as are entitled to such sums as are provided for in this section, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make such payment.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 21. Minnesota Statutes 2023 Supplement, section 246C.05, as amended by Laws 2024, chapter 79, article 1, section 22, is amended to read:

246C.05 EMPLOYEE PROTECTIONS FOR ESTABLISHING THE NEW DEPARTMENT OF DIRECT CARE AND TREATMENT.

(a) Personnel whose duties relate to the functions assigned to the executive board in ~~section 246C.03~~ this chapter are transferred to the Department of Direct Care and Treatment effective 30 days after approval by the commissioner of management and budget.

(b) Before the executive board is appointed, personnel whose duties relate to the functions in this ~~section~~ chapter may be transferred beginning July 1, 2024, with 30 days' notice from the commissioner of management and budget.

(c) The following protections shall apply to employees who are transferred from the Department of Human Services to ~~the Department of~~ Direct Care and Treatment:

(1) No transferred employee other than the chief executive officer shall have their employment status and job classification altered as a result of the transfer.

(2) Transferred employees who were represented by an exclusive representative prior to the transfer shall continue to be represented by the same exclusive representative after the transfer.

(3) The applicable collective bargaining agreements with exclusive representatives shall continue in full force and effect for such transferred employees after the transfer.

(4) The state shall have the obligation to meet and negotiate with the exclusive representatives of the transferred employees about any proposed changes affecting or relating to the transferred employees' terms and conditions of employment to the extent such changes are not addressed in the applicable collective bargaining agreement.

(5) When an employee in a temporary unclassified position is transferred to ~~the Department of~~ Direct Care and Treatment, the total length of time that the employee has served in the appointment shall include all time served in the appointment at the transferring agency and the time served in the appointment at ~~the Department of~~ Direct Care and Treatment. An employee in a temporary unclassified position who was hired by a transferring agency through an open competitive selection process in accordance with a policy enacted by Minnesota Management and Budget shall be considered to have been hired through such process after the transfer.

(6) In the event that the state transfers ownership or control of any of the facilities, services, or operations of ~~the Department of~~ Direct Care and Treatment to another entity, whether private or public, by subcontracting, sale, assignment, lease, or other transfer, the state shall require as a written condition of such transfer of ownership or control the following provisions:

(i) Employees who perform work in transferred facilities, services, or operations must be offered employment with the entity acquiring ownership or control before the entity offers employment to any individual who was not employed by the transferring agency at the time of the transfer.

(ii) The wage and benefit standards of such transferred employees must not be reduced by the entity acquiring ownership or control through the expiration of the collective bargaining agreement in effect at the time of the transfer or for a period of two years after the transfer, whichever is longer.

(d) There is no liability on the part of, and no cause of action arises against, the state of Minnesota or its officers or agents for any action or inaction of any entity acquiring ownership or control of any facilities, services, or operations of ~~the Department of~~ Direct Care and Treatment.

(e) This section expires upon the completion of the transfer of duties to the executive board under ~~section 246C.03~~ this chapter. The commissioner of human services shall notify the revisor of statutes when the transfer of duties is complete.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 22. **[246C.07] POWERS AND DUTIES OF EXECUTIVE BOARD.**

Subdivision 1. **Generally.** (a) The executive board must operate the agency according to this chapter and applicable state and federal law. The overall management and control of the agency is vested in the executive board in accordance with this chapter.

(b) The executive board may delegate duties imposed by this chapter and under applicable state and federal law as deemed appropriate by the board and in accordance with this chapter. Any delegation of a specified statutory duty or power to an employee of Direct Care and Treatment other than the chief executive officer must be made by written order and filed with the secretary of state. Only the chief executive officer shall have the powers and duties of the executive board as specified in section 246C.08.

Subd. 2. **Principles.** The executive board, in undertaking its duties and responsibilities and within Direct Care and Treatment resources, shall act according to the following principles:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;

(3) coordinate Direct Care and Treatment activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government; and

(5) utilize constructive and cooperative labor management practices to the extent otherwise required by chapter 43A or 179A.

Subd. 3. **Powers and duties.** (a) The executive board has the power and duty to:

(1) set the overall strategic direction for Direct Care and Treatment, ensuring that Direct Care and Treatment delivers exceptional care and supports the well-being of all individuals served by Direct Care and Treatment;

(2) establish policies and procedures to govern the operation of the facilities, programs, and services under the direct authority of Direct Care and Treatment;

(3) employ personnel and delegate duties and responsibilities to personnel as deemed appropriate by the executive board, subject to chapters 43A and 179A and in accordance with this chapter;

(4) review and approve the operating budget proposal for Direct Care and Treatment;

(5) accept and use gifts, grants, or contributions from any nonstate source or refuse to accept any gift, grant, or contribution if acceptance would not be in the best interest of the state;

(6) deposit all money received as gifts, grants, or contributions pursuant to section 246C.091, subdivision 1;

(7) expend or use any gift, grant, or contribution as nearly in accordance with the conditions of the gift, grant, or contribution identified by the donor for a certain institution or purpose, compatible with the best interests of the individuals under the jurisdiction of the executive board and of the state;

(8) comply with all conditions and requirements necessary to receive federal aid or block grants with respect to the establishment, construction, maintenance, equipment, or operation of adequate facilities and services consistent with the mission of Direct Care and Treatment;

(9) enter into information-sharing agreements with federal and state agencies and other entities, provided the agreements include adequate protections with respect to the confidentiality and integrity of the information to be shared and comply with all applicable state and federal laws, regulations, and rules;

(10) enter into interagency or service level agreements with a state department listed in section 15.01; a multimember state agency described in section 15.012, paragraph (a); or the Department of Information Technology Services;

(11) enter into contractual agreements with federally recognized Indian Tribes with a reservation in Minnesota;

(12) enter into contracts with public and private agencies, private and nonprofit organizations, and individuals, using appropriated money;

(13) establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all programs or divisions of Direct Care and Treatment;

(14) authorize the method of payment to or from Direct Care and Treatment as part of programs administered by Direct Care and Treatment, including authorization of the receipt or disbursement of money held by Direct Care and Treatment in a fiduciary capacity as part of the programs administered by Direct Care and Treatment;

(15) inform Tribal Nations and county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to Tribal or county agency administration of Direct Care and Treatment programs and services;

(16) report to the legislature on the performance of Direct Care and Treatment operations and the accomplishment of Direct Care and Treatment goals in its biennial budget in accordance with section 16A.10, subdivision 1;

(17) recommend to the legislature appropriate changes in law necessary to carry out the principles and improve the performance of Direct Care and Treatment; and

(18) exercise all powers reasonably necessary to implement and administer the requirements of this chapter and applicable state and federal law.

(b) The specific enumeration of powers and duties as set forth in this section shall not be construed as a limitation upon the general transfer of Direct Care and Treatment facilities, programs,

and services from the Department of Human Services to Direct Care and Treatment under this chapter.

Subd. 4. **Creation of bylaws.** The board may establish bylaws governing its operations and the operations of Direct Care and Treatment in accordance with this chapter.

Subd. 5. **Reciprocal exchange of certain persons.** The executive board is authorized and empowered with the approval of the governor to enter into reciprocal agreements with another state or states regarding the mutual exchange, return, and transportation of persons with a mental illness or a developmental disability who are within the confines of one state but have legal residence or legal settlement for the purposes of relief in another state. Any agreement entered into under this subdivision must not contain any provision that conflicts with any state law.

Subd. 6. **Acceptance of voluntary, uncompensated services.** For the purpose of carrying out a duty, the executive board may accept uncompensated and voluntary services and may enter into contracts or agreements with private or public agencies, organizations, or persons, for uncompensated and voluntary services, as the executive board may deem practicable. Uncompensated and voluntary services do not include services mandated by licensure or certification requirements for health care facilities. The volunteer agencies, organizations, or persons who provide services to residents of state facilities operated under the authority of Direct Care and Treatment are not subject to the procurement requirements of chapter 16A or 16C.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 23. **[246C.08] CHIEF EXECUTIVE OFFICER; SERVICE; DUTIES.**

Subdivision 1. **Service.** The Direct Care and Treatment chief executive officer is appointed by the governor with the advice and consent of the senate and serves at the pleasure of the governor.

Subd. 2. **Powers and duties.** (a) The chief executive officer shall serve as chair of the executive board. The chief executive officer is responsible for the administrative and operational management of the agency in accordance with this chapter.

(b) The chief executive officer shall have all the powers of the executive board unless the executive board directs otherwise. The chief executive officer shall have the authority to speak for the executive board and Direct Care and Treatment within and outside the agency.

(c) In the event that a vacancy occurs for any reason within the chief executive officer position, the executive medical director appointed under section 246.018 shall immediately become the temporary chief executive officer until the governor appoints a new chief executive officer. During this period, the executive medical director shall have all the powers and authority delegated to the chief executive officer by the board and specified in this chapter.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 24. **[246C.091] DIRECT CARE AND TREATMENT ACCOUNTS.**

Subdivision 1. **Gifts, grants, and contributions account.** (a) A gifts, grants, and contributions account is created in the special revenue fund in the state treasury. All money received by the

executive board as a gift, grant, or contribution must be deposited in the gifts, grants, and contributions account. Beginning July 1, 2025, except as provided in paragraph (b), money in the account is annually appropriated to the Direct Care and Treatment executive board to accomplish the purposes of this chapter. Gifts, grants, or contributions received by the executive board exceeding current agency needs must be invested by the State Board of Investment in accordance with section 11A.24. Disbursements from the gifts, grants, and contributions account must be made in the manner provided for the issuance of other state payments.

(b) If the gift or contribution is designated for a certain person, institution, or purpose, the Direct Care and Treatment executive board must use the gift or contribution as specified in accordance with the conditions of the gift or contribution if compatible with the best interests of the person and the state. If a gift or contribution is accepted for the use and benefit of a person with a developmental disability, including those within a state hospital, research relating to persons with a developmental disability must be considered an appropriate use of the gift or contribution. Such money must not be used for any structures or installations which by their nature would require state expenditures for their operation or maintenance without specific legislative enactment.

Subd. 2. **Facilities management account.** A facilities management account is created in the special revenue fund of the state treasury. Beginning July 1, 2025, money in the account is appropriated to the Direct Care and Treatment executive board and may be used to maintain buildings, acquire facilities, renovate existing buildings, or acquire land for the design and construction of buildings for Direct Care and Treatment use. Money received for maintaining state property under control of the executive board may be deposited into this account.

Subd. 3. **Direct Care and Treatment systems account.** (a) The Direct Care and Treatment systems account is created in the special revenue fund of the state treasury. Beginning July 1, 2025, money in the account is appropriated to the Direct Care and Treatment executive board and may be used for security systems and information technology projects, services, and support under the control of the executive board.

(b) The commissioner of human services shall transfer all money allocated to the Direct Care and Treatment systems projects under section 256.014 to the Direct Care and Treatment systems account by June 30, 2026.

Subd. 4. **Cemetery maintenance account.** The cemetery maintenance account is created in the special revenue fund of the state treasury. Money in the account is appropriated to the executive board for the maintenance of cemeteries under control of the executive board. Money allocated to Direct Care and Treatment cemeteries may be transferred to this account.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 25. Minnesota Statutes 2022, section 256.88, is amended to read:

256.88 SOCIAL WELFARE FUND ESTABLISHED.

Except as otherwise expressly provided, all moneys and funds held by the commissioner of human services, the Direct Care and Treatment executive board, and the local social services agencies of the several counties in trust or for the benefit of children with a disability and children who are dependent, neglected, or delinquent, children born to mothers who were not married to the children's

fathers at the times of the conception nor at the births of the children, persons determined to have developmental disability, mental illness, or substance use disorder, or other wards or beneficiaries, under any law, shall be kept in a single fund to be known as the "social welfare fund" which shall be deposited at interest, held, or disbursed as provided in sections 256.89 to 256.92.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 26. Minnesota Statutes 2022, section 256.89, is amended to read:

256.89 FUND DEPOSITED IN STATE TREASURY.

The social welfare fund and all accretions thereto shall be deposited in the state treasury, as a separate and distinct fund, to the credit of the commissioner of human services and the Direct Care and Treatment executive board as ~~trustee~~ trustees for ~~the~~ their respective beneficiaries ~~thereof~~ in proportion to ~~their~~ the beneficiaries' several interests. The commissioner of management and budget shall be responsible only to the commissioner of human services and the Direct Care and Treatment executive board for the sum total of the fund, and shall have no duties nor direct obligations toward the beneficiaries thereof individually. Subject to the applicable rules of the commissioner of human services or the Direct Care and Treatment executive board, money so received by a local social services agency may be deposited by the executive secretary of the local social services agency in a local bank carrying federal deposit insurance, designated by the local social services agency for this purpose. The amount of such deposit in each such bank at any one time shall not exceed the amount protected by federal deposit insurance.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 27. Minnesota Statutes 2022, section 256.90, is amended to read:

256.90 SOCIAL WELFARE FUND; USE; DISPOSITION; DEPOSITORIES.

The commissioner of human services, in consultation with the Direct Care and Treatment executive board, at least 30 days before the first day of January and the first day of July in each year shall file with the commissioner of management and budget an estimate of the amount of the social welfare fund to be held in the treasury during the succeeding six-month period, subject to current disbursement. Such portion of the remainder thereof as may be at any time designated by the request of the commissioner of human services may be invested by the commissioner of management and budget in bonds in which the permanent trust funds of the state of Minnesota may be invested, upon approval by the State Board of Investment. The portion of such remainder not so invested shall be placed by the commissioner of management and budget at interest for the period of six months, or when directed by the commissioner of human services, for the period of 12 months thereafter at the highest rate of interest obtainable in a bank, or banks, designated by the board of deposit as a suitable depository therefor. All the provisions of law relative to the designation and qualification of depositories of other state funds shall be applicable to sections 256.88 to 256.92, except as herein otherwise provided. Any bond given, or collateral assigned or both, to secure a deposit hereunder may be continuous in character to provide for the repayment of any moneys belonging to the fund theretofore or thereafter at any time deposited in such bank until its designation as such depository is revoked and the security thereof shall be not impaired by any subsequent agreement or understanding as to the rate of interest to be paid upon such deposit, or as to time for its repayment. The amount of money belonging to the fund deposited in any bank, including other state deposits,

shall not at any time exceed the amount of the capital stock thereof. In the event of the closing of the bank any sum deposited therein shall immediately become due and payable.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 28. Minnesota Statutes 2022, section 256.91, is amended to read:

256.91 PURPOSES.

From that part of the social welfare fund held in the state treasury subject to disbursement as provided in section 256.90 the commissioner of human services or the Direct Care and Treatment executive board at any time may pay out such amounts as the commissioner or executive board deems proper for the support, maintenance, or other legal benefit of any of the children with a disability and children who are dependent, neglected, or delinquent, children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children, persons with developmental disability, substance use disorder, or mental illness, or other wards or persons entitled thereto, not exceeding in the aggregate to or for any person the principal amount previously received for the benefit of the person, together with the increase in it from an equitable apportionment of interest realized from the social welfare fund.

When any such person dies or is finally discharged from the guardianship, care, custody, and control of the commissioner of human services or the Direct Care and Treatment executive board, the amount then remaining subject to use for the benefit of the person shall be paid as soon as may be from the social welfare fund to the persons thereto entitled by law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 29. Minnesota Statutes 2022, section 256.92, is amended to read:

256.92 COMMISSIONER OF HUMAN SERVICES AND DIRECT CARE AND TREATMENT, ACCOUNTS.

It shall be the duty of the commissioner of human services, the Direct Care and Treatment executive board, and ~~of~~ the local social services agencies of the several counties of this state to cause to be deposited with the commissioner of management and budget all moneys and funds in their possession or under their control and designated by section 256.91 as and for the social welfare fund; and all such moneys and funds shall be so deposited in the state treasury as soon as received. The commissioner of human services, in consultation with the Direct Care and Treatment executive board, shall keep books of account or other records showing separately the principal amount received and deposited in the social welfare fund for the benefit of any person, together with the name of such person, and the name and address, if known to the commissioner of human services or the Direct Care and Treatment executive board, of the person from whom such money was received; and, at least once every two years, the amount of interest, if any, which the money has earned in the social welfare fund shall be apportioned thereto and posted in the books of account or records to the credit of such beneficiary.

The provisions of sections 256.88 to 256.92 shall not apply to any fund or money now or hereafter deposited or otherwise disposed of pursuant to the lawful orders, decrees, judgments, or other directions of any district court having jurisdiction thereof.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 30. Laws 2023, chapter 61, article 8, section 1, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, 2025 2024.

Sec. 31. Laws 2023, chapter 61, article 8, section 2, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, 2025 2024.

Sec. 32. Laws 2023, chapter 61, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, 2025 2024.

Sec. 33. Laws 2023, chapter 61, article 8, section 8, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, 2025 2024.

Sec. 34. Laws 2024, chapter 79, article 1, section 18, is amended to read:

Sec. 18. **246C.015 DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the following terms have the meanings given.

Subd. 2. **Chief executive officer.** "Chief executive officer" means the ~~Department of~~ Direct Care and Treatment chief executive officer appointed according to section 246C.08.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of human services.

Subd. 4. **Community preparation services.** "Community preparation services" means specialized inpatient or outpatient services operated outside of a secure environment but administered by a secure treatment facility.

Subd. 5. **County of financial responsibility.** "County of financial responsibility" has the meaning given in section 256G.02, subdivision 4.

Subd. 5a. Direct Care and Treatment. "Direct Care and Treatment" means the agency of Direct Care and Treatment established under this chapter.

Subd. 6. **Executive board.** "Executive board" means the ~~Department of~~ Direct Care and Treatment executive board established under section 246C.06.

Subd. 7. **Executive medical director.** "Executive medical director" means the licensed physician serving as executive medical director in the ~~Department of~~ Direct Care and Treatment under section 246C.09.

Subd. 8. **Head of the facility or head of the program.** "Head of the facility" or "head of the program" means the person who is charged with overall responsibility for the professional program of care and treatment of the facility or program.

Subd. 9. **Indian.** "Indian" has the meaning given in section 260.755, subdivision 7.

Subd. 10. **Secure treatment facility.** "Secure treatment facility" means a facility as defined in section 253B.02, subdivision 18a, or 253D.02, subdivision 13.

Subd. 11. **Tobacco; tobacco-related device.** "Tobacco" and "tobacco-related device" have the meanings given in section 609.685, subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 35. Laws 2024, chapter 79, article 1, section 23, is amended to read:

Sec. 23. **246C.06 EXECUTIVE BOARD; POWERS AND DUTIES MEMBERSHIP; GOVERNANCE.**

Subdivision 1. **Establishment.** The Direct Care and Treatment executive board of the Department of Direct Care and Treatment is established.

Subd. 2. **Membership of the executive board.** ~~The executive board shall consist of no more than five members, all appointed by the governor.~~ (a) The Direct Care and Treatment executive board consists of ten members with eight voting members and two nonvoting members. The eight voting members must include six members appointed by the governor with the advice and consent of the senate in accordance with paragraph (b), the chief executive officer, and the commissioner of human services or a designee. The two nonvoting members must be appointed in accordance with paragraph (c). Section 15.0597 applies to all executive board appointments except for the commissioner of human services.

(b) The executive board voting members appointed by the governor other than the chief executive officer must meet the following qualifications:

(1) one member must be a licensed physician who is a psychiatrist or has experience in serving behavioral health patients;

(2) two members must have experience serving on a hospital or nonprofit board; and

(3) three members must have experience working: (i) as a public labor union representative; (ii) in the delivery of behavioral health services or care coordination or in traditional healing practices; (iii) as a licensed health care professional; (iv) within health care administration; or (v) with residential services.

(c) The executive board nonvoting members must be appointed as follows:

(1) one member appointed by the Association of Counties; and

(2) one member who has an active role as a union representative representing staff at Direct Care and Treatment appointed by joint representatives of the following unions: American Federation of State and Municipal Employees (AFSCME); Minnesota Association of Professional Employees (MAPE); Minnesota Nurses Association (MNA); Middle Management Association (MMA); and State Residential Schools Education Association (SRSEA).

(d) Membership on the board must include representation from outside the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

(e) A voting member of the executive board must not be or must not have been within one year prior to appointment: (1) an employee of Direct Care and Treatment; (2) an employee of a county, including a county commissioner; (3) an active employee or representative of a labor union that represents employees of Direct Care and Treatment; or (4) a member of the state legislature. This paragraph does not apply to the nonvoting members, the chief executive officer, or the commissioner of human services or designee.

Subd. 3. ~~Qualifications of members~~ Procedures. An executive board member's qualifications must be appropriate for overseeing a complex behavioral health system, such as experience serving on a hospital or nonprofit board, serving as a public sector labor union representative, delivering behavioral health services or care coordination, or working as a licensed health care provider in an allied health profession or in health care administration. Except as otherwise provided for in this section, the membership terms and removal and filling of vacancies for the executive board are governed by section 15.0575.

Subd. 4. ~~Accepting contributions or gifts~~ Compensation. (a) The executive board has the power and authority to accept, on behalf of the state, contributions and gifts of money and personal property for the use and benefit of the residents of the public institutions under the executive board's control. All money and securities received must be deposited in the state treasury subject to the order of the executive board. Notwithstanding section 15.0575, subdivision 3, paragraph (a), the nonvoting members of the executive board must not receive daily compensation for executive board activities. Nonvoting members of the executive board may receive expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Nonvoting members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization.

(b) If the gift or contribution is designated by the donor for a certain institution or purpose, the executive board shall expend or use the money as nearly in accordance with the conditions of the gift or contribution, compatible with the best interests of the individuals under the jurisdiction of the executive board and the state. Notwithstanding section 15.0575, subdivision 3, paragraph (a), the Compensation Council under section 15A.082 must determine the compensation for voting members of the executive board per day spent on executive board activities authorized by the executive board. Voting members of the executive board may also receive the expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Voting members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization.

(c) The commissioner of management and budget must publish the daily compensation rate for voting members of the executive board determined under paragraph (b) on the Department of Management and Budget's website.

(d) Voting members of the executive board must adopt internal standards prescribing what constitutes a day spent on board activities for the purposes of making payments authorized under paragraph (b).

(e) All other requirements under section 15.0575, subdivision 3, apply to the compensation of executive board members.

(f) This subdivision does not apply to the chief executive officer or the commissioner of human services or their designee.

~~Subd. 5. **Federal aid or block grants Chair; officers.** The executive board may comply with all conditions and requirements necessary to receive federal aid or block grants with respect to the establishment, constructions, maintenance, equipment, or operation of adequate facilities and services consistent with the mission of the Department of Direct Care and Treatment. (a) The chief executive officer shall serves as the chair.~~

(b) The executive board must elect officers from among the voting membership appointed by the governor. The elected officers shall serve for one year.

~~Subd. 6. **Operation of a communication systems account Terms.** (a) The executive board may operate a communications systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the regional treatment centers the executive board supervises. Except for the commissioner of human services and the chief executive officer, executive board members must not serve more than two consecutive terms unless service beyond two consecutive terms is approved by the majority of voting members. The chief executive officer and the commissioner of human services or designee shall serve until replaced by the governor.~~

~~(b) Each account must be used to manage shared communication costs necessary for the operations of the regional treatment centers the executive board supervises. The executive board may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time, and other costs as determined by the executive board. An executive board member may resign at any time by giving written notice to the executive board.~~

~~(c) Nonprofit organizations and state, county, and local government agencies involved in the operation of regional treatment centers the executive board supervises may participate in the use of the executive board's communication technology and share in the cost of operation. The initial term of the member appointed under subdivision 2, paragraph (b), clause (1), is two years. The initial term of the members appointed under subdivision 2, paragraph (b), clause (2), is three years. The initial term of the members appointed under subdivision 2, paragraph (b), clause (3), and the members appointed under subdivision 2, paragraph (c), is four years.~~

~~(d) The executive board may accept on behalf of the state any gift, bequest, devise, personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities under this section. Any money received for this purpose must be deposited into the executive board's communication systems account. Money collected by the executive board for the use of communication systems must be deposited into the state communication systems~~

account and is appropriated to the executive board for purposes of this section. After the initial term, the term length of all appointed executive board members is four years.

Subd. 7. **Conflicts of interest.** Executive board members must recuse themselves from discussion of and voting on an official matter if the executive board member has a conflict of interest. A conflict of interest means an association, including a financial or personal association, that has the potential to bias or have the appearance of biasing an executive board member's decision in matters related to Direct Care and Treatment or the conduct of activities under this chapter.

Subd. 8. **Meetings.** The executive board must meet at least four times per fiscal year at a place and time determined by the executive board.

Subd. 9. **Quorum.** A majority of the voting members of the executive board constitutes a quorum. The affirmative vote of a majority of the voting members of the executive board is necessary and sufficient for action taken by the executive board.

Subd. 10. **Immunity; indemnification.** (a) Members of the executive board are immune from civil liability for any act or omission occurring within the scope of the performance of their duties under this chapter.

(b) When performing executive board duties or actions, members of the executive board are employees of the state for purposes of indemnification under section 3.736, subdivision 9.

Subd. 11. **Rulemaking.** (a) The executive board is authorized to adopt, amend, and repeal rules in accordance with chapter 14 under the executive board's authority to implement this chapter or any responsibilities of Direct Care and Treatment specified in state law.

(b) Until July 1, 2030, the executive board may adopt rules using the expedited rulemaking process in section 14.389.

(c) All orders, rules, delegations, permits, and other privileges issued or granted by the Department of Human Services with respect to any function of Direct Care and Treatment and in effect at the time of the establishment of Direct Care and Treatment shall continue in effect as if such establishment had not occurred. The executive board may amend or repeal rules applicable to Direct Care and Treatment that were established by the Department of Human Services in accordance with chapter 14.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 36. Laws 2024, chapter 79, article 1, section 24, is amended to read:

Sec. 24. **246C.10 FORENSIC SERVICES.**

Subdivision 1. **Maintenance of forensic services.** (a) The executive board shall create and maintain forensic services programs.

(b) The executive board must provide forensic services in coordination with counties and other vendors.

(c) Forensic services must include specialized inpatient programs at secure treatment facilities, consultive services, aftercare services, community-based services and programs, transition services, nursing home services, or other services consistent with the mission of the Department of Direct Care and Treatment.

(d) The executive board ~~shall~~ may adopt rules to carry out the provision of this section and to govern the operation of the services and programs under the direct administrative authority of the executive board.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 37. Laws 2024, chapter 79, article 1, section 25, subdivision 3, is amended to read:

Subd. 3. **Comprehensive system of services.** The establishment of state-operated, community-based programs must be within the context of a comprehensive definition of the role of state-operated services in the state. The role of state-operated services must be defined within the context of a comprehensive system of services for persons with developmental disability.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 38. Laws 2024, chapter 79, article 10, section 1, is amended to read:

Section 1. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each provision of Minnesota Statutes listed in column A as amended in this act to the number listed in column B.

Column A	Column B
245.036	246C.16, subdivision 1
245.037	246C.16, subdivision 2
245.041	246C.15
245.474, subdivision 1	246C.12, subdivision 1
245.474, subdivision 2	246C.12, subdivision 2
245.474, subdivision 3	246C.12, subdivision 3
245.474, subdivision 4	246C.12, subdivision 4
246.0135, paragraph (a)	246C.18, subdivision 2, paragraph (a)
246.0135, paragraph (b)	246C.18, subdivision 2, paragraph (b)
246.0135, paragraph (c)	246C.18, subdivision 2, paragraph (c)
246.0135, paragraph (d)	246C.18, subdivision 3
246.018, subdivision 1	246C.09, subdivision 1
246.018, subdivision 2	246C.09, subdivision 2
246.018, subdivision 3	246C.09, subdivision 3
246.018, subdivision 4	246C.09, subdivision 4
246.12	246C.06, subdivision 7 <u>246C.07, subdivision 7</u>
246.128	246C.18, subdivision 1

246.129	246C.18, subdivision 4
246.14	246C.16, subdivision 3
246.23, subdivision 2	246.555, subdivision 1
246.23, subdivision 3	246.555, subdivision 2
246.23, subdivision 4	246.555, subdivision 3
246.23, subdivision 5	246.555, subdivision 4
246.23, subdivision 6	246.555, subdivision 5
246.234	246C.06, subdivision 8 <u>246C.07,</u> <u>subdivision 5</u>
246.24	246C.16, subdivision 4
246.27	246C.19
246.36	246C.06, subdivision 9 <u>246C.07,</u> <u>subdivision 6</u>
246.41, subdivision 1	246C.06, subdivision 10, paragraph (a)
246.41, subdivision 2	246C.06, subdivision 10, paragraph (b)
246.41, subdivision 3	246C.06, subdivision 10, paragraph (c)
246.70	246C.18, subdivision 5
246B.02	246C.13
251.012, subdivision 1	246.575, subdivision 1
251.012, subdivision 2	246.575, subdivision 2
251.012, subdivision 3	246.575, subdivision 3
251.012, subdivision 4	246.575, subdivision 4
251.041	176.87
251.042	176.871
251.043, subdivision 1	176.872, subdivision 1
251.043, subdivision 1a	176.872, subdivision 2
251.043, subdivision 1b	176.872, subdivision 3
251.043, subdivision 2	176.872, subdivision 4
251.043, subdivision 3	176.872, subdivision 5
251.044	176.873
251.051	176.874
251.052	176.875
251.053	176.876
251.15, subdivision 1	176.872, subdivision 6, paragraph (a)
251.15, subdivision 2	176.872, subdivision 6, paragraph (b)
251.17	246C.14
252.50, subdivision 2	246C.16, subdivision 5
252.50, subdivision 4	246C.10, subdivision 2
252.50, subdivision 6	246.65
252.50, subdivision 7	246.585
252.50, subdivision 8	246.588

252.50, subdivision 10	246.611
253.015, subdivision 1	253B.10, subdivision 6
253.016	246.554
253.017, subdivision 1	246.591
253.017, subdivision 2	246C.10, subdivision 3
253.017, subdivision 3	246C.10, subdivision 4
253.13	253.245
253C.01, subdivision 1	245A.27, subdivision 1
253C.01, subdivision 2	245A.27, subdivision 2
253C.01, subdivision 3	245A.27, subdivision 3
256.0121, subdivision 1	246.595, subdivision 1
256.0121, subdivision 2	246.595, subdivision 2
256.0121, subdivision 3	246.595, subdivision 3

Sec. 39. Laws 2024, chapter 79, article 10, section 6, is amended to read:

Sec. 6. **EFFECTIVE DATE.**

~~(a) Article 1, section 23, is effective July 1, 2024. This act is effective July 1, 2024.~~

~~(b) Article 1, sections 1 to 22 and 24 to 31, and articles 2 to 10 are effective January 1, 2025.~~

Sec. 40. **INITIAL APPOINTMENTS AND COMPENSATION OF THE DIRECT CARE AND TREATMENT EXECUTIVE BOARD AND CHIEF EXECUTIVE OFFICER.**

Subdivision 1. **Executive board.** (a) The initial appointments of the members of the Direct Care and Treatment executive board under Minnesota Statutes, section 246C.06, must be made by January 1, 2025.

(b) Prior to the first Compensation Council determination of the daily compensation rate for voting members of the executive board under Minnesota Statutes, section 246C.06, subdivision 4, paragraph (b), voting members of the executive board must be paid the per diem rate provided for in Minnesota Statutes, section 15.0575, subdivision 3, paragraph (a).

(c) The executive board is exempt from Minnesota Statutes, section 13D.01, until the authority and responsibilities for Direct Care and Treatment are transferred to the executive board in accordance with Minnesota Statutes, section 246C.04.

Subd. 2. **Chief executive officer.** Until the governor appoints the initial chief executive officer for Direct Care and Treatment, the chief executive officer of the direct care and treatment division of the Department of Human Services shall hold that position.

Subd. 3. **Commissioner of human services to consult.** In preparing the budget estimates required under Minnesota Statutes, section 16A.10, for the direct care and treatment division for the 2026-2027 biennial budget and any legislative proposals for the 2025 legislative session that involve direct care and treatment operations, the commissioner of human services must consult with the Direct Care and Treatment executive board before submitting the budget estimates or legislative

proposals. If the executive board is not appointed by the date the budget estimates must be submitted to the commissioner of management and budget, the commissioner of human services must provide the executive board with a summary of the budget estimates that were submitted.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 41. **REVISOR INSTRUCTION.**

The revisor of statutes shall change the term "Department of Human Services" to "Direct Care and Treatment" wherever the term appears in respect to the governmental entity with programmatic direction and fiscal control over state-operated services, programs, or facilities under Minnesota Statutes, chapter 246C. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 42. **REVISOR INSTRUCTION.**

The revisor of statutes shall change the term "Department of Direct Care and Treatment" to "Direct Care and Treatment" wherever the term appears in respect to the governmental entity with programmatic direction and fiscal control over state-operated services, programs, or facilities under Minnesota Statutes, chapter 246C. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 43. **REVISOR INSTRUCTION.**

The revisor of statutes, in consultation with the House Research Department; the Office of Senate Counsel, Research, and Fiscal Analysis; the Department of Human Services; and Direct Care and Treatment, shall make necessary cross-reference changes to conform with this act. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text. The revisor may alter the coding in this act to incorporate statutory changes made by other law in the 2024 regular legislative session.

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

Sec. 44. **REPEALER.**

(a) Minnesota Statutes 2022, section 246.41, is repealed.

(b) Minnesota Statutes 2023 Supplement, section 246C.03, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 6

MISCELLANEOUS

Section 1. **[246.0142] FREE COMMUNICATION SERVICES FOR CONFINED PERSONS.**

Subdivision 1. **Free communication services.** (a) A facility must provide confined persons with voice communication services. A facility may supplement voice communication services with other communication services, including but not limited to video communication and email or electronic messaging services. A facility must at least continue to offer the services the facility offered as of January 1, 2023.

(b) To the extent that voice or other communication services are provided, which must not be limited beyond program participation and routine facility policies and procedures, neither the individual initiating the communication nor the individual receiving the communication must be charged for the service.

Subd. 2. **Communication services restrictions.** Nothing in this section allows a confined person to violate an active protection order, harassment restraining order, or other no-contact order or directive. Notwithstanding section 241.252, subdivisions 2 and 4, nothing in this section entitles a civilly committed person to communication services restricted or limited under section 253B.03, subdivision 3, or 253D.19.

Subd. 3. **Revenue prohibited.** An agency operating a facility must not receive revenue from the provision of voice communication services or any other communication services under this section.

Subd. 4. **Visitation programs.** (a) Facilities shall maintain in-person visits for confined persons. Communication services, including video calls, must not be used to replace a facility's in-person visitation program or be counted toward a confined person's in-person visitation limit.

(b) Notwithstanding paragraph (a), the agency operating the facility may waive the in-person visitation program requirement under this subdivision if there is:

- (1) a declared emergency under section 12.31; or
- (2) a local-, state-, or federal-declared natural disaster.

Subd. 5. **Reporting.** (a) By January 15 of each year, the Department of Direct Care and Treatment must report the information described in paragraph (b) to the commissioner of corrections. By March 15 of each year, the commissioner of corrections shall submit a summary of the information submitted under this paragraph to the chairs and ranking minority members of the legislative committees having jurisdiction over corrections and human services policy and finance.

(b) The Department of Direct Care and Treatment must include the following information covering the previous calendar year in its annual report to the commissioner of corrections required under paragraph (a):

(1) the status of all the agency's communication contracts; efforts to renegotiate the agency's communication contracts, including the rates the agency is paying or charging confined people or community members for any and all services in the contracts; and plans to consolidate the agency's communication contracts to maximize purchasing power;

(2) a complete and detailed accounting of how appropriated funds for communication services are spent, including spending on expenses previously covered by commissions; and

(3) summary data on usage of all communication services, including monthly call and message volume.

Subd. 6. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "voice communications" means real-time, audio-only communication services, namely phone calls made over wireline telephony, voice over Internet protocol, or any other technology infrastructure;

(2) "other communication services" means communication services other than voice communications, including but not limited to video calls and electronic messages; and

(3) "facility" means any facility, setting, or program owned, operated, or under the programmatic or fiscal control of the Department of Direct Care and Treatment.

Sec. 2. **PLANNING COMMUNITY CARE HUB GRANT.**

Subdivision 1. **Establishment.** The commissioner of health shall establish a single grant to develop and design programs to expand and strengthen the community care hub model, which organizes and supports a network of health and social care service providers to address health-related social needs.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Community-based organization" means a public or private nonprofit organization of demonstrated effectiveness that is representative of a community or significant segments of a community and provides educational or related services to individuals in the community.

(c) "Community care hub" means a nonprofit organization that provides a centralized administrative and operational interface between health care institutions and a network of community-based organizations that provide health promotion and social care services.

(d) "Health-related social needs" means the individual-level, adverse social conditions that can negatively impact a person's health or health care, such as poor health literacy, food insecurity, housing instability, and lack of access to transportation.

(e) "Social care services" means culturally informed services to address health-related social needs and community-informed health promotion programs.

Subd. 3. **Eligible applicants.** To be eligible for the single grant available under this section, a grant applicant must:

(1) be recognized as a selected community care hub by the federal Administration for Community Living and the Centers for Disease Control and Prevention;

(2) hold contracts with health plans within Minnesota that allow the applicant to provide social care services to a plan's covered member population; and

(3) demonstrate active engagement in providing, coordinating, and aiding health care and social care services at the community level.

Subd. 4. **Eligible uses.** The grantee must use awarded funding to develop and design programs that support the development of a social care network that provides services to address health-related social needs. Activities eligible for funding under this section include but are not limited to education activities, feasibility studies, program design, and pilots.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 7

TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 2023 Supplement, section 256R.55, subdivision 9, is amended to read:

Subd. 9. **Carryforward.** Notwithstanding section 16A.28, subdivision 3, any appropriation for the purposes under this section ~~carries forward and does not lapse until the close of the fiscal year in which this section expires~~ is available until June 30, 2029.

Sec. 2. Laws 2023, chapter 61, article 1, section 67, subdivision 3, is amended to read:

Subd. 3. **Evaluation and report.** (a) The Metropolitan Center for Independent Living must contract with a third party to evaluate the pilot project's impact on health care costs, retention of personal care assistants, and patients' and providers' satisfaction of care. The evaluation must include the number of participants, the hours of care provided by participants, and the retention of participants from semester to semester.

(b) By January 15, ~~2025~~ 2026, the Metropolitan Center for Independent Living must report the findings under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy.

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

Sec. 3. Laws 2023, chapter 61, article 4, section 11, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective January 1, ~~2024~~ 2025, or upon federal approval, whichever is later. The commissioner shall notify the revisor of statutes when federal approval is obtained.

ARTICLE 8

APPROPRIATIONS

Section 1. **HUMAN SERVICES APPROPRIATION.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2023, chapter 61, article 9, and Laws

2023, chapter 70, article 20, from the general fund or any fund named for the purposes specified in this article, to be 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 years 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.

APPROPRIATIONS
Available for the Year
Ending June 30
2024 **2025**

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation **\$** **(4,872,000)** **\$** **50,381,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Central Office; Operations **(3,030,000)** **2,485,000**

(a) Carryforward Authority.
Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, \$2,186,000 in fiscal year 2025 is available until June 30, 2027.

(b) Base Level Adjustment. The general fund base is increased by \$25,000 in fiscal year 2026 and \$25,000 in fiscal year 2027.

Subd. 3. Central Office; Aging and Disability Services **(1,342,000)** **4,846,000**

(a) Tribal Vulnerable Adult and Developmental Disabilities Targeted Case Management Medical Assistance Benefit.
\$200,000 in fiscal year 2025 is for a contract to develop a Tribal vulnerable adult and developmental disabilities targeted case management medical assistance benefit under Minnesota Statutes, section 256B.0924. This is a onetime appropriation.

(b) Carryforward Authority.
Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, \$4,057,000 in fiscal year 2025 is available until June 30, 2027.

(c) Base Level Adjustment. The general fund base is increased by \$177,000 in fiscal year 2026 and \$177,000 in fiscal year 2027.

Subd. 4. Central Office; Behavioral Health, Housing, and Deaf and Hard-of-Hearing Services

-0- 935,000

Carryforward Authority. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, \$935,000 in fiscal year 2025 is available until June 30, 2027.

Subd. 5. Forecasted Programs; Medical Assistance

-0- 4,758,000

Critical Access Nursing Facility Rate Adjustments. \$3,277,000 is for rate adjustments for critical access nursing facilities under Minnesota Statutes, section 256R.47. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation.

Subd. 6. Forecasted Programs; Alternative Care

-0- 49,000

Subd. 7. Grant Programs; Refugee Services Grants

-0- 8,868,000

Subd. 8. Grant Programs; Health Care Grants

-0- 500,000

Community Care Hub Grant. \$500,000 in fiscal year 2025 is from the general fund for the community care hub planning grant. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

Subd. 9. Grant Programs; Other Long Term Care Grants

-0- 1,675,000

(a) Health Awareness Hub Pilot Project. \$575,000 in fiscal year 2025 is for a grant to the Organization for Liberians in Minnesota for a health awareness hub pilot project. The pilot project must seek to address health care education and the physical and mental

wellness needs of elderly individuals within the African immigrant community by offering culturally relevant support, resources, and preventive care education from medical practitioners who have a similar background, and by making appropriate referrals to culturally competent programs, supports, and medical care. Within six months of the conclusion of the pilot project, the Organization for Liberians in Minnesota must provide the commissioner with an evaluation of the project as determined by the commissioner. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(b) Chapter 245D Compliance Support Grant. \$450,000 in fiscal year 2025 is for a grant to Equitable Development Action to support minority providers licensed under Minnesota Statutes, chapter 245D, as intensive support services providers to build skills and the infrastructure needed to increase the quality of services provided to the people the providers serve while complying with the requirements of Minnesota Statutes, chapter 245D, and to enable the providers to accept clients with high behavioral needs. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(c) Linguistically and Culturally Specific Training Pilot Project. \$650,000 in fiscal year 2025 is for a grant to the Minnesota Ethnic Providers Network to collaborate with

the commissioner of human services to develop and implement a pilot program to provide: (1) linguistically and culturally specific in-person training to bilingual individuals, particularly bilingual women, from diverse ethnic backgrounds; and (2) technical assistance to Minnesota Ethnic Provider Network member providers to ensure successful implementation of the pilot program, including training, resources, and ongoing support. Within six months of the conclusion of the pilot project, the Minnesota Ethnic Providers Network must provide the commissioner with an evaluation of the project as determined by the commissioner. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(d) SEWA-AIFW. \$250,000 in fiscal year 2025 is for a grant to SEWA-AIFW. Of this amount, \$75,000 is for SEWA-AIFW's South Asian persons of neurodiverse abilities (SAPNA) program and \$175,000 is for SEWA-AIFW's senior program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

Subd. 10. Grant Programs; Aging and Adult Services Grants

-0-

9,000,000

(a) Caregiver Respite Services Grants. \$4,000,000 in fiscal year 2025 is for caregiver respite services grants under Minnesota Statutes, section 256.9756. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is

available until June 30, 2027. This is a onetime appropriation.

(b) Caregiver Support Programs. \$5,000,000 in fiscal year 2025 is for the Minnesota Board on Aging for the purposes of the caregiver support programs under Minnesota Statutes, section 256.9755. Programs receiving funding under this paragraph must include an ALS-specific respite service in their caregiver support program. This is a onetime appropriation.

(c) Electronic Visit Verification Implementation Grants. \$2,000,000 in fiscal year 2025 is for electronic visit verification implementation grants. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

Subd. 11. Grant Programs; Disabilities Grants

8,900,000

10,561,000

(a) Capital Improvement for Accessibility. \$400,000 in fiscal year 2025 is for a payment to Anoka County to make capital improvements to existing space in the Anoka County Human Services building in the city of Blaine, including making bathrooms fully compliant with the Americans with Disabilities Act with adult changing tables and ensuring barrier-free access for the purposes of improving and expanding the services an existing building tenant can provide to adults with developmental disabilities. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(b) Own Home Services Provider Capacity-Building Grants. \$5,000,000 in

fiscal year 2025 is for the own home services provider capacity-building grant program. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(c) Dakota County Disability Services Workforce Shortage Pilot Project.

\$1,000,000 in fiscal year 2025 is for a grant to Dakota County for innovative solutions to the disability services workforce shortage. Up to \$500,000 of this amount must be used to develop and test an online application for matching requests for services from people with disabilities to available staff, and up to \$500,000 of this amount must be used to develop a communities-for-all program that engages businesses, community organizations, neighbors, and informal support systems to promote community inclusion of people with disabilities. By October 1, 2026, the commissioner shall report the outcomes and recommendations of these pilot projects to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(d) Pediatric Hospital-to-Home Transition Pilot Program. \$1,040,000 in fiscal year 2025 is for the pediatric hospital-to-home pilot program. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(e) Artists With Disabilities Support Grant. \$690,000 in fiscal year 2025 is for a grant to a nonprofit organization licensed under Minnesota Statutes, chapter 245D, located on Minnehaha Avenue West in Saint Paul, and that supports artists with disabilities in creating visual and performing art that challenges society's views of persons with disabilities. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(f) Emergency Relief Grants for Rural EIDBI Providers. \$600,000 in fiscal year 2025 is for emergency relief grants for EIDBI providers. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(g) Accessible Space, Inc. \$250,000 in fiscal year 2025 is for a grant to Accessible Space, Inc. for nursing services provided in integrated community supports settings, but not otherwise reimbursed under Minnesota Statutes, section 256B.4914. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(h) Self-Advocacy Grants for Persons with Intellectual and Developmental Disabilities. \$648,000 in fiscal year 2025 is for self-advocacy grants under Minnesota Statutes, section 256.477. Of these amounts,

\$438,000 in fiscal year 2025 are for the activities under Minnesota Statutes, section 256.477, subdivision 1, paragraph (a), clauses (5) to (7), and for administrative costs, and \$210,000 in fiscal year 2025 is for the activities under Minnesota Statutes, section 256.477, subdivision 2. This is onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

Subd. 12. Grant Programs; Adult Mental Health Grants

(8,900,000)

(1,561,000)

Engagement Services Pilot Project.

\$250,000 in fiscal year 2025 is for the engagement services pilot project. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

Subd. 13. Grant Programs; Chemical Dependency Treatment Support Grants

(500,000)

-0-

Subd. 14. Direct Care and Treatment - Mental Health and Substance Abuse

-0-

977,000

Base Level Adjustment. The general fund base is increased by \$1,011,000 in fiscal year 2026 and \$1,011,000 in fiscal year 2027.

Subd. 15. Direct Care and Treatment - Forensic Services

-0-

7,182,000

Base Level Adjustment. The general fund base is increased by \$6,612,000 in fiscal year 2026 and \$6,612,000 in fiscal year 2027.

Subd. 16. Direct Care and Treatment - Operations

-0-

606,000

(a) Free Communication Services for Patients and Clients. \$292,000 in fiscal year 2025 is for free communication services under Minnesota Statutes, section 246.0142. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(b) **Base Level Adjustment.** The general fund base is increased by \$617,000 in fiscal year 2026 and \$586,000 in fiscal year 2027.

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

Sec. 3. <u>COMMISSIONER OF HEALTH</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>262,000</u>
Subdivision 1. <u>Total Appropriation</u>		<u>-0-</u>		<u>262,000</u>
<u>This appropriation is from the state government special revenue fund.</u>				
Subd. 2. <u>Health Protection</u>		<u>-0-</u>		<u>262,000</u>

(a) **Chapter 144G Compliance Support Grant.** \$250,000 in fiscal year 2025 is from the dedicated special revenue account established under Minnesota Statutes, section 144A.474, subdivision 11, paragraph (j), for a grant to a nonprofit organization to conduct culturally specific outreach and education for small assisted living providers seeking to improve understanding and compliance with physical plant and client-focused licensing requirements under chapter 144G and rules promulgated thereunder. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any of this grant amount for administrative costs.

(b) **Base Level Adjustments.** The state government special revenue base is increased by \$24,000 in fiscal year 2026 and increased by \$24,000 in fiscal year 2027.

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

Sec. 4. <u>COUNCIL ON DISABILITY</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>400,000</u>
<u>\$400,000 in fiscal year 2025 is for the Legislative Task Force on Guardianship. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is</u>				

available until June 30, 2027. This is a onetime appropriation.

Sec. 5. Laws 2023, chapter 61, article 9, section 2, subdivision 5, is amended to read:

Subd. 5. Central Office; Aging and Disability Services	40,115,000	11,995,000
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(a) **Employment Supports Alignment Study.** \$50,000 in fiscal year 2024 and \$200,000 in fiscal year 2025 are to conduct an interagency employment supports alignment study. The base for this appropriation is \$150,000 in fiscal year 2026 and \$100,000 in fiscal year 2027.

(b) **Case Management Training Curriculum.** \$377,000 in fiscal year 2024 and \$377,000 in fiscal year 2025 are to develop and implement a curriculum and training plan to ensure all lead agency assessors and case managers have the knowledge and skills necessary to fulfill support planning and coordination responsibilities for individuals who use home and community-based disability services and live in own-home settings. This is a onetime appropriation.

(c) **Office of Ombudsperson for Long-Term Care.** \$875,000 in fiscal year 2024 and \$875,000 in fiscal year 2025 are for additional staff and associated direct costs in the Office of Ombudsperson for Long-Term Care.

(d) **Direct Care Services Corps Pilot Project.** \$500,000 in fiscal year 2024 is from the general fund for a grant to the Metropolitan Center for Independent Living for the direct care services corps pilot project. Up to \$25,000 may be used by the Metropolitan Center for Independent Living for administrative costs. This is a onetime appropriation and is available until June 30, 2026.

(e) **Research on Access to Long-Term Care Services and Financing.** Any unexpended amount of the fiscal year 2023 appropriation

referenced in Laws 2021, First Special Session chapter 7, article 17, section 16, estimated to be \$300,000, is canceled. The amount canceled is appropriated in fiscal year 2024 for the same purpose.

(f) Native American Elder Coordinator. \$441,000 in fiscal year 2024 and \$441,000 in fiscal year 2025 are for the Native American elder coordinator position under Minnesota Statutes, section 256.975, subdivision 6.

(g) Grant Administration Carryforward.

(1) Of this amount, \$8,154,000 in fiscal year 2024 is available until June 30, 2027.

(2) Of this amount, \$1,071,000 in fiscal year 2025 is available until June 30, 2027.

(3) Of this amount, \$19,000,000 in fiscal year 2024 is available until June 30, 2029.

(h) Base Level Adjustment. The general fund base is increased by \$8,189,000 in fiscal year 2026 and increased by \$8,093,000 in fiscal year 2027.

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

Sec. 6. Laws 2023, chapter 61, article 9, section 2, subdivision 13, is amended to read:

Subd. 13. **Grant Programs; Other Long-Term Care Grants**

152,387,000

1,925,000

(a) Provider Capacity Grant for Rural and Underserved Communities. \$17,148,000 in fiscal year 2024 is for provider capacity grants for rural and underserved communities. Of this amount, \$250,000 is for a grant to a nonprofit organization to conduct a culturally specific outreach and education campaign toward existing customized living providers that might more appropriately serve their clients under a different home and community-based services program or license. Notwithstanding Minnesota Statutes, section 16A.28, this

appropriation is available until June 30, 2027. This is a onetime appropriation.

(b) New American Legal, Social Services, and Long-Term Care Grant Program. \$28,316,000 in fiscal year 2024 is for long-term care workforce grants for new Americans. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(c) Supported Decision Making Programs. \$4,000,000 in fiscal year 2024 is for supported decision making grants. This is a onetime appropriation and is available until June 30, 2025.

(d) Direct Support Professionals Employee-Owned Cooperative Program. \$350,000 in fiscal year 2024 is for a grant to the Metropolitan Consortium of Community Developers for the Direct Support Professionals Employee-Owned Cooperative program. The grantee must use the grant amount for outreach and engagement, managing a screening and selection process, providing one-on-one technical assistance, developing and providing training curricula related to cooperative development and home and community-based waiver services, administration, reporting, and program evaluation. This is a onetime appropriation and is available until June 30, 2025.

(e) Long-Term Services and Supports Workforce Incentive Grants. \$83,560,000 in fiscal year 2024 is for long-term services and supports workforce incentive grants administered according to Minnesota Statutes, section 256.4764. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2029. This is a onetime appropriation.

(f) Base Level Adjustment. The general fund base is \$3,949,000 in fiscal year 2026 and \$3,949,000 in fiscal year 2027. Of these

amounts, \$2,024,000 in fiscal year 2026 and \$2,024,000 in fiscal year 2027 are for PCA background study grants.

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

Sec. 7. Laws 2023, chapter 61, article 9, section 2, subdivision 16, as amended by Laws 2023, chapter 70, article 15, section 8, is amended to read:

Subd. 16. Grant Programs; Disabilities Grants	113,684,000	30,377,000
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(a) **Temporary Grants for Small Customized Living Providers.** \$5,450,000 in fiscal year 2024 is for grants to assist small customized living providers to transition to community residential services licensure or integrated community supports licensure. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(b) **Lead Agency Capacity Building Grants.** \$444,000 in fiscal year 2024 and \$2,396,000 in fiscal year 2025 are for grants to assist organizations, counties, and Tribes to build capacity for employment opportunities for people with disabilities. The base for this appropriation is \$2,413,000 in fiscal year 2026 and \$2,411,000 in fiscal year 2027.

(c) **Employment and Technical Assistance Center Grants.** \$450,000 in fiscal year 2024 and \$1,800,000 in fiscal year 2025 are for employment and technical assistance grants to assist organizations and employers in promoting a more inclusive workplace for people with disabilities.

(d) **Case Management Training Grants.** \$37,000 in fiscal year 2024 and \$123,000 in fiscal year 2025 are for grants to provide case management training to organizations and employers to support the state's disability employment supports system. The base for this appropriation is \$45,000 in fiscal year 2026 and \$45,000 in fiscal year 2027.

(e) Self-Directed Bargaining Agreement; Electronic Visit Verification Stipends.

\$6,095,000 in fiscal year 2024 is for onetime stipends of \$200 to bargaining members to offset the potential costs related to people using individual devices to access the electronic visit verification system. Of this amount, \$5,600,000 is for stipends and \$495,000 is for administration. This is a onetime appropriation and is available until June 30, 2025.

(f) Self-Directed Collective Bargaining Agreement; Temporary Rate Increase Memorandum of Understanding.

\$1,600,000 in fiscal year 2024 is for onetime stipends for individual providers covered by the SEIU collective bargaining agreement based on the memorandum of understanding related to the temporary rate increase in effect between December 1, 2020, and February 7, 2021. Of this amount, \$1,400,000 of the appropriation is for stipends and \$200,000 is for administration. This is a onetime appropriation.

(g) Self-Directed Collective Bargaining Agreement; Retention Bonuses.

\$50,750,000 in fiscal year 2024 is for onetime retention bonuses covered by the SEIU collective bargaining agreement. Of this amount, \$50,000,000 is for retention bonuses and \$750,000 is for administration of the bonuses. This is a onetime appropriation and is available until June 30, 2025.

(h) Self-Directed Bargaining Agreement; Training Stipends.

\$2,100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025 are for onetime stipends of \$500 for collective bargaining unit members who complete designated, voluntary trainings made available through or recommended by the State Provider Cooperation Committee. Of this amount, \$2,000,000 in fiscal year 2024 is for stipends, and \$100,000 in fiscal year

2024 and \$100,000 in fiscal year 2025 are for administration. This is a onetime appropriation.

(i) **Self-Directed Bargaining Agreement; Orientation Program.** \$2,000,000 in fiscal year 2024 and \$2,000,000 in fiscal year 2025 are for onetime \$100 payments to collective bargaining unit members who complete voluntary orientation requirements. Of this amount, \$1,500,000 in fiscal year 2024 and \$1,500,000 in fiscal year 2025 are for the onetime \$100 payments, and \$500,000 in fiscal year 2024 and \$500,000 in fiscal year 2025 are for orientation-related costs. This is a onetime appropriation.

(j) **Self-Directed Bargaining Agreement; Home Care Orientation Trust.** \$1,000,000 in fiscal year 2024 is for the Home Care Orientation Trust under Minnesota Statutes, section 179A.54, subdivision 11. The commissioner shall disburse the appropriation to the board of trustees of the Home Care Orientation Trust for deposit into an account designated by the board of trustees outside the state treasury and state's accounting system. This is a onetime appropriation and is available until June 30, 2025.

(k) **HIV/AIDS Supportive Services.** \$12,100,000 in fiscal year 2024 is for grants to community-based HIV/AIDS supportive services providers as defined in Minnesota Statutes, section 256.01, subdivision 19, and for payment of allowed health care costs as defined in Minnesota Statutes, section 256.9365. This is a onetime appropriation and is available until June 30, 2025.

(l) **Motion Analysis Advancements Clinical Study and Patient Care.** \$400,000 in fiscal year 2024 is for a grant to the Mayo Clinic Motion Analysis Laboratory and Limb Lab for continued research in motion analysis advancements and patient care. This is a

onetime appropriation and is available through June 30, 2025.

(m) Grant to Family Voices in Minnesota. \$75,000 in fiscal year 2024 and \$75,000 in fiscal year 2025 are for a grant to Family Voices in Minnesota under Minnesota Statutes, section 256.4776.

(n) Parent-to-Parent Programs.

(1) \$550,000 in fiscal year 2024 and \$550,000 in fiscal year 2025 are for grants to organizations that provide services to underserved communities with a high prevalence of autism spectrum disorder. This is a onetime appropriation and is available until June 30, 2025.

(2) The commissioner shall give priority to organizations that provide culturally specific and culturally responsive services.

(3) Eligible organizations must:

(i) conduct outreach and provide support to newly identified parents or guardians of a child with special health care needs;

(ii) provide training to educate parents and guardians in ways to support their child and navigate the health, education, and human services systems;

(iii) facilitate ongoing peer support for parents and guardians from trained volunteer support parents; and

(iv) communicate regularly with other parent-to-parent programs and national organizations to ensure that best practices are implemented.

(4) Grant recipients must use grant money for the activities identified in clause (3).

(5) For purposes of this paragraph, "special health care needs" means disabilities, chronic illnesses or conditions, health-related

educational or behavioral problems, or the risk of developing disabilities, illnesses, conditions, or problems.

(6) Each grant recipient must report to the commissioner of human services annually by January 15 with measurable outcomes from programs and services funded by this appropriation the previous year including the number of families served and the number of volunteer support parents trained by the organization's parent-to-parent program.

(o) Self-Advocacy Grants for Persons with Intellectual and Developmental Disabilities. \$323,000 in fiscal year 2024 and \$323,000 in fiscal year 2025 are for self-advocacy grants under Minnesota Statutes, section 256.477. This is a onetime appropriation. Of these amounts, \$218,000 in fiscal year 2024 and \$218,000 in fiscal year 2025 are for the activities under Minnesota Statutes, section 256.477, subdivision 1, paragraph (a), clauses (5) to (7), and for administrative costs, and \$105,000 in fiscal year 2024 and \$105,000 in fiscal year 2025 are for the activities under Minnesota Statutes, section 256.477, subdivision 2.

(p) Technology for Home Grants. \$300,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 are for technology for home grants under Minnesota Statutes, section 256.4773.

(q) Community Residential Setting Transition. \$500,000 in fiscal year 2024 is for a grant to Hennepin County to expedite approval of community residential setting licenses subject to the corporate foster care moratorium exception under Minnesota Statutes, section 245A.03, subdivision 7, paragraph (a), clause (5).

(r) Base Level Adjustment. The general fund base is \$27,343,000 in fiscal year 2026 and \$27,016,000 in fiscal year 2027.

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

Sec. 8. Laws 2023, chapter 61, article 9, section 2, subdivision 18, is amended to read:

**Subd. 18. Grant Programs; Chemical Dependency
Treatment Support Grants**

	Appropriations by Fund	
General	54,691,000	5,342,000
Lottery Prize	1,733,000	1,733,000

(a) **Culturally Specific Recovery Community Organization Start-Up Grants.** \$4,000,000 in fiscal year 2024 is for culturally specific recovery community organization start-up grants. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(b) **Safe Recovery Sites.** \$14,537,000 in fiscal year 2024 is from the general fund for start-up and capacity-building grants for organizations to establish safe recovery sites. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is onetime and is available until June 30, 2029.

(c) **Technical Assistance for Culturally Specific Organizations; Culturally Specific Services Grants.** \$4,000,000 in fiscal year 2024 is for grants to culturally specific providers for technical assistance navigating culturally specific and responsive substance use and recovery programs. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027.

(d) **Technical Assistance for Culturally Specific Organizations; Culturally Specific Grant Development Training.** \$400,000 in fiscal year 2024 is for grants for up to four trainings for community members and culturally specific providers for grant writing training for substance use and recovery-related grants. Notwithstanding Minnesota Statutes, section 16A.28, this is

a onetime appropriation and is available until June 30, 2027.

(e) Harm Reduction Supplies for Tribal and Culturally Specific Programs. \$7,597,000 in fiscal year 2024 is from the general fund to provide sole source grants to culturally specific communities to purchase syringes, testing supplies, and opiate antagonists. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(f) Families and Family Treatment Capacity-Building and Start-Up Grants. \$10,000,000 in fiscal year 2024 is from the general fund for start-up and capacity-building grants for family substance use disorder treatment programs. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2029. This is a onetime appropriation.

(g) Start-Up and Capacity Building Grants for Withdrawal Management. ~~\$500,000~~ \$0 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are for start-up and capacity building grants for withdrawal management.

(h) Recovery Community Organization Grants. \$4,300,000 in fiscal year 2024 is from the general fund for grants to recovery community organizations, as defined in Minnesota Statutes, section 254B.01, subdivision 8, that are current grantees as of June 30, 2023. This is a onetime appropriation and is available until June 30, 2025.

(i) Opioid Overdose Prevention Grants.

(1) \$125,000 in fiscal year 2024 and \$125,000 in fiscal year 2025 are from the general fund for a grant to Ka Joog, a nonprofit organization in Minneapolis, Minnesota, to be used for collaborative

outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits in East African and Somali communities in Minnesota. This is a onetime appropriation.

(2) \$125,000 in fiscal year 2024 and \$125,000 in fiscal year 2025 are from the general fund for a grant to the Steve Rummeler Hope Network to be used for statewide outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits. This is a onetime appropriation.

(3) \$250,000 in fiscal year 2024 and \$250,000 in fiscal year 2025 are from the general fund for a grant to African Career Education and Resource, Inc. to be used for collaborative outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits. This is a onetime appropriation.

(j) **Problem Gambling.** \$225,000 in fiscal year 2024 and \$225,000 in fiscal year 2025 are from the lottery prize fund for a grant to a state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, training for individuals and organizations that provide effective treatment services to problem gamblers and their families, and research related to problem gambling.

(k) **Project ECHO.** \$1,310,000 in fiscal year 2024 and \$1,295,000 in fiscal year 2025 are from the general fund for a grant to Hennepin Healthcare to expand the Project ECHO program. The grant must be used to establish at least four substance use disorder-focused Project ECHO programs at Hennepin Healthcare, expanding the grantee's capacity to improve health and substance use disorder outcomes for diverse populations of individuals enrolled in medical assistance, including but not limited to immigrants,

individuals who are homeless, individuals seeking maternal and perinatal care, and other underserved populations. The Project ECHO programs funded under this section must be culturally responsive, and the grantee must contract with culturally and linguistically appropriate substance use disorder service providers who have expertise in focus areas, based on the populations served. Grant funds may be used for program administration, equipment, provider reimbursement, and staffing hours. This is a onetime appropriation.

(l) White Earth Nation Substance Use Disorder Digital Therapy Tool. \$3,000,000 in fiscal year 2024 is from the general fund for a grant to the White Earth Nation to develop an individualized Native American centric digital therapy tool with Pathfinder Solutions. This is a onetime appropriation. The grant must be used to:

(1) develop a mobile application that is culturally tailored to connecting substance use disorder resources with White Earth Nation members;

(2) convene a planning circle with White Earth Nation members to design the tool;

(3) provide and expand White Earth Nation-specific substance use disorder services; and

(4) partner with an academic research institution to evaluate the efficacy of the program.

(m) Wellness in the Woods. \$300,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 are from the general fund for a grant to Wellness in the Woods for daily peer support and special sessions for individuals who are in substance use disorder recovery, are transitioning out of incarceration, or who have experienced trauma. These are onetime appropriations.

(n) **Base Level Adjustment.** The general fund base is \$3,247,000 in fiscal year 2026 and \$3,247,000 in fiscal year 2027.

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

Delete the title and insert:

"A bill for an act relating to human services; the human services omnibus budget bill; modifying provisions related to disability services, aging services, substance use disorder treatment services, priority admissions to state-operated programs and civil commitment, and Direct Care and Treatment; modifying provisions related to licensing of assisted living facilities; making technical changes; appropriating money; amending Minnesota Statutes 2022, sections 13.46, subdivisions 1, as amended, 10, as amended; 144G.41, subdivision 1, by adding subdivisions; 144G.63, subdivisions 1, 4; 145.61, subdivision 5; 245.821, subdivision 1; 245.825, subdivision 1; 245A.11, subdivision 2a; 246.018, subdivision 3, as amended; 246.13, subdivision 2, as amended; 246.234, as amended; 246.36, as amended; 246.511, as amended; 252.27, subdivision 2b; 252.282, subdivision 1, by adding a subdivision; 256.88; 256.89; 256.90; 256.91; 256.92; 256B.02, subdivision 11; 256B.073, subdivision 4; 256B.0911, subdivisions 12, 17, 20, 25; 256B.0913, subdivision 5a; 256B.0924, subdivision 3; 256B.434, by adding a subdivision; 256B.49, subdivision 16, by adding a subdivision; 256B.4911, by adding subdivisions; 256B.77, subdivision 7a; 256R.53, by adding a subdivision; 256S.205, subdivision 5; 447.42, subdivision 1; Minnesota Statutes 2023 Supplement, sections 10.65, subdivision 2; 13.46, subdivision 2, as amended; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 15A.082, subdivisions 1, 3, 7; 43A.08, subdivisions 1, 1a; 246C.01; 246C.02, as amended; 246C.04, as amended; 246C.05, as amended; 253B.10, subdivision 1; 256.042, subdivision 2; 256.043, subdivision 3; 256.9756, subdivisions 1, 2; 256B.073, subdivision 3; 256B.0911, subdivision 13; 256B.0913, subdivision 5; 256B.4914, subdivision 10d; 256R.55, subdivision 9; 270B.14, subdivision 1; Laws 2021, First Special Session chapter 7, article 13, section 68; Laws 2023, chapter 61, article 1, sections 59, subdivisions 2, 3; 60, subdivisions 1, 2; 67, subdivision 3; article 4, section 11; article 8, sections 1; 2; 3; 8; article 9, section 2, subdivisions 5, 13, 16, as amended, 18; Laws 2024, chapter 79, article 1, sections 3; 18; 23; 24; 25, subdivision 3; article 10, sections 1; 6; Laws 2024, chapter 85, section 53; proposing coding for new law in Minnesota Statutes, chapters 144G; 245D; 246; 246C; 256S; repealing Minnesota Statutes 2022, sections 246.41; 252.021; 252.27, subdivisions 1a, 2, 3, 4a, 5, 6; 256B.0916, subdivision 10; Minnesota Statutes 2023 Supplement, sections 246C.03; 252.27, subdivision 2a."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 5337: A bill for an act relating to public safety; providing for funding and related policy changes to the Department of Public Safety, Department of Corrections, and the Clemency Review Commission; appropriating money; amending Minnesota Statutes 2022, sections 299A.73, subdivision 4; 609.02, by adding a subdivision; Minnesota Statutes 2023 Supplement, sections 244.41, subdivisions 6, 14, by adding a subdivision; 244.46, subdivisions 1, 2; 299A.49, subdivisions 8, 9; 401.10, subdivision 1; 609A.06, subdivision 2; 638.09, subdivision 5; Laws 2023, chapter 52, article

2, sections 3, subdivision 5; 6, subdivisions 1, 4; article 8, section 20, subdivision 3; Laws 2023, chapter 63, article 5, section 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1
APPROPRIATIONS**

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2023, chapter 52, articles 1 and 2, 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 addition to or subtraction from the appropriation listed under them is 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. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2024, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
<p>Sec. 2. <u>SUPREME COURT</u></p> <p><u>(a) Court Cyber Security</u></p> <p><u>\$5,250,000 the second year is for the judicial branch cyber security program. This is a onetime appropriation and is available until June 30, 2027.</u></p> <p><u>(b) Safe and Secure Courthouses</u></p> <p><u>\$500,000 the second year is for a competitive grant program for courthouse safety and security improvements. This is a onetime appropriation.</u></p>	<p><u>\$</u></p> <p style="margin-left: 100px;"><u>-0-</u></p>	<p><u>\$</u></p> <p style="margin-left: 100px;"><u>5,750,000</u></p>
<p>Sec. 3. <u>DISTRICT COURTS</u></p> <p><u>(a) Psychological Services</u></p>	<p><u>\$</u></p>	<p><u>6,627,000</u></p> <p><u>\$</u></p> <p><u>23,623,000</u></p>

\$5,317,000 the first year and \$15,951,000 the second year are for the psychological and psychiatric examiner services program, which delivers statutorily mandated psychological examinations for civil commitment, criminal competency, and criminal responsibility evaluations. The appropriation in the second year is onetime and is available until June 30, 2027.

(b) Psychological Examiners Pay Rate Increase

\$1,203,000 the second year is to increase the hourly pay rate of psychological examiners.

(c) Court Interpreters

\$1,290,000 the first year and \$3,870,000 the second year are for court interpreters. The appropriation in the second year is onetime and is available until June 30, 2027.

(d) Court Interpreters Pay Rate Increase

\$235,000 the second year is to increase the hourly pay rate of court interpreters. The base for this appropriation is \$297,000 beginning in fiscal year 2026.

(e) Increased Cost of Jury Programs

\$20,000 the first year and \$2,364,000 the second year are for increased costs of jury programs. The appropriation in the second year is onetime and is available until June 30, 2027.

Sec. 4. PUBLIC SAFETY

Subdivision 1. Total

<u>Appropriation</u>	<u>\$</u>	<u>7,000,000</u>	<u>\$</u>	<u>10,000,000</u>
		<u>Appropriations by Fund</u>		
		<u>2024</u>		<u>2025</u>
<u>General</u>		<u>0</u>		<u>10,000,000</u>
<u>911 Fund</u>		<u>7,000,000</u>		<u>0</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Crime Victim Services

\$9,200,000 the second year is from the general fund for grants for direct services and advocacy for crime victims. Up to five percent of the appropriation is available for grant administration. This is a onetime appropriation.

Subd. 3. Preventing Violence Against Latina Women Report

\$250,000 the second year is from the general fund for a grant to Esperanza United to complete the report on preventing violence against Latina women and queer Latines described in section 10. This is a onetime appropriation.

Subd. 4. Youth Support Service Grants

\$500,000 the second year is from the general fund for youth support service grants under section 11. This is a onetime appropriation.

Subd. 5. Hmong American Mediation Center

\$50,000 the second year is from the general fund for a grant to the Hmong American Mediation Center to provide mediation and restorative justice services. This is a onetime appropriation.

Subd. 6. Digital Geographic Information System Mapping For School Facilities

(a) \$7,000,000 the first year from the state government special revenue fund for 911 emergency telecommunications services is to issue grants to the regional emergency communications boards as defined by Minnesota Statutes, section 403.392. This is a onetime appropriation and is available until June 30, 2026.

(b) If awarded a grant, a regional communications board must use the grant funds exclusively to create digital geographic information system mapping data of facilities managed by a school district; charter school;

intermediate school district or cooperative unit under Minnesota Statutes, section 123A.24, subdivision 2; the Perpich Center for Arts Education; the Minnesota State Academies; private schools; or a Tribal contract school that serves children in early childhood or prekindergarten programs or students enrolled in kindergarten through grade 12 within the regional emergency communications board's jurisdiction.

(c) The data created pursuant to paragraph (b) must be:

(1) compatible with software platforms used by local, state, and federal public safety agencies that provide emergency services to the specific school for which the data is provided without requiring such agencies to purchase additional software or requiring a fee to view or access the data;

(2) compatible with security software platforms in use by the specific school for which the data is provided without requiring the local law enforcement agencies or school districts to purchase additional software or requiring a fee to view or access the data;

(3) verified for accuracy following a physical walkthrough; and

(4) perpetually available to schools and law enforcement agencies mapped pursuant to a grant and the Department of Public Safety.

(d) The statewide emergency communications board may implement further requirements at their discretion.

(e) At the conclusion of work completed pursuant to a grant under this section, the board must deliver all data created, collected, or maintained under this section to the school without payment, and in a manner that the school may own, control, use, and access the data without limitation. The data must be provided in a form that permits the school to

share the data with a law enforcement agency.

(f) Each regional emergency communication board that receives a grant must complete the mapping project and report completion to the commissioner on or before July 1, 2026. Upon request, the commissioner may grant a reasonable extension of time to the requesting regional emergency communication board to complete the project.

(g) Regional emergency communications boards shall work collaboratively with schools and public safety agencies to include local law enforcement, fire agencies, EMS, and 911 during the procurement process.

(h) Any data created under this section is classified as nonpublic data as defined in Minnesota Statutes, section 13.02, subdivision 9.

Sec. 5. CORRECTIONS

Subdivision 1. Total

<u>Appropriation</u>	<u>\$</u>	<u>5,900,000</u>	<u>\$</u>	<u>1,990,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Facility Operation</u>		<u>5,900,000</u>		<u>1,990,000</u>
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\$5,900,000 the first year and \$1,990,000 the second year are for the operation of correctional facilities. The base for this appropriation is \$7,091,000 beginning in fiscal year 2026.

Sec. 6. <u>CLEMENCY REVIEW COMMISSION</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>986,000</u>
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\$986,000 the second year is for the Clemency Review Commission described in Minnesota Statutes, section 638.09. Of this amount, \$200,000 the second year is for grants to support outreach and clemency application assistance.

Sec. 7. Laws 2023, chapter 52, article 2, section 3, subdivision 5, is amended to read:

Subd. 5. Fire Marshal	17,013,000	17,272,000
Appropriations by Fund		
General	4,184,000	4,190,000
Special Revenue	12,829,000	13,082,000

The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012. The base appropriation for this account is \$13,182,000 in fiscal year 2026 and \$13,082,000 in fiscal year 2027.

(a) Hazardous Materials and Emergency Response Teams

\$1,695,000 the first year and \$1,595,000 the second year are from the fire safety account for hazardous materials and emergency response teams. The base for these purposes is \$1,695,000 in the first year of future biennia and \$1,595,000 in the second year of future biennia.

(b) Bomb Squad Reimbursements

\$250,000 from the fire safety account and \$50,000 from the general fund each year are for reimbursements to local governments for bomb squad services.

(c) Nonresponsible Party Reimbursements

\$750,000 each year from the fire safety account is for nonresponsible party hazardous material, Urban Search and Rescue, Minnesota Air Rescue Team, and bomb squad incident reimbursements. Money appropriated for this purpose is available for one year.

(d) Hometown Heroes Assistance Program

\$4,000,000 each year from the general fund is for grants to the Minnesota Firefighter Initiative to fund the hometown heroes

assistance program established in Minnesota Statutes, section 299A.477.

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

Sec. 8. Laws 2023, chapter 52, article 2, section 6, subdivision 1, is amended to read:

Subdivision 1. Total				826,661,000
Appropriation	\$	12,643,000	\$	797,937,000
			\$	825,675,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 9. Laws 2023, chapter 52, article 2, section 6, subdivision 4, is amended to read:

Subd. 4. Organizational, Regulatory, and Administrative Services				74,287,000
			73,586,000	73,301,000

(a) Public Safety Data Infrastructure

\$22,914,000 the first year and \$22,915,000 the second year are for technology modernization and the development of an information-sharing and data-technology infrastructure. The base for this purpose is \$4,097,000 beginning in fiscal year 2026. Any unspent funds from the current biennium do not cancel and are available in the next biennium.

(b) Supervised Release Board

\$40,000 each year is to establish and operate the supervised release board pursuant to Minnesota Statutes, section 244.049.

(c) Recruitment and Retention

\$3,200,000 the first year and \$400,000 the second year are for recruitment and retention initiatives. Of this amount, \$2,800,000 the first year is for staff recruitment, professional development, conflict resolution, and staff wellness, and to contract with community collaborative partners who specialize in trauma recovery.

(d) Clemency Review Commission

\$986,000 ~~each year~~ the first year is for the clemency review commission described in Minnesota Statutes, section 638.09. Of this amount, \$200,000 each year is for grants to support outreach and clemency application assistance. Any unencumbered balance remaining in the first year does not cancel, but must be transferred to the Clemency Review Commission by July 1, 2024. Funds transferred under this paragraph are available until June 30, 2025.

(e) Accountability and Transparency

\$1,000,000 each year is for accountability and transparency initiatives. The base for this appropriation is \$1,480,000 beginning in fiscal year 2026.

(f) Organizational, Regulatory, and Administrative Services Base Budget

The base for organizational, regulatory, and administrative services is ~~\$55,849,000~~ \$54,863,000 in fiscal year 2026 and ~~\$55,649,000~~ \$54,663,000 in fiscal year 2027.

Sec. 10. REPORT PREVENTING VIOLENCE AGAINST LATINA WOMEN AND QUEER LATINES IN MINNESOTA.

(a) The commissioner of public safety shall provide a grant to Esperanza United to develop a report that provides preliminary research and recommendations to reduce, prevent, and end violence against Latina women and girls, including queer Latines, in Minnesota. The Department of Public Safety shall provide support and technical assistance to Esperanza United as requested.

(b) The report may include recommended strategies to disrupt the pathways toward gender-based violence and help prevent violence before it occurs, such as outreach and communication, public engagement, and public campaigns to address and educate local communities about self confidence, leadership skills, family support, and healthy relationships. The report may identify:

(1) ways to effectively connect programs and services provided by state agencies, counties, and nongovernmental organizations to improve services to victims and survivors, and their families and communities;

(2) systemic causes behind violence impacting Latina women and girls, including queer Latines, and patterns and underlying factors explaining disproportionality, including underlying historical, social, economic, religious, institutional, immigration, and cultural factors that may contribute to the violence;

(3) appropriate methods for tracking and collecting data on violence against Latinas and queer Latines, including data and research on prevention methods;

(4) policies and institutional practices in education, labor, child welfare, coroner practices, policing, health care, civil and criminal legal systems, and other practices impacting victims;

(5) measures necessary to address and reduce violence, including public awareness, research, community awareness campaigns, youth education, and family support practices; and

(6) measures to help victims and survivors, and their families and communities, prevent and heal from violence, including recommendations to expand existing programs; identify new strategies that educate young people in effective communication, training in self confidence, leadership skills, and healthy relationships; and general innovative strategies that strengthen relationships with families and networks of support.

(c) The report shall be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety by January 1, 2025.

Sec. 11. YOUTH SUPPORT SERVICES GRANTS.

Subdivision 1. **Grants to counties.** The commissioner of public safety shall issue grants to Anoka County, Hennepin County, and Ramsey County for the purposes described in subdivision 2. Of the total amount appropriated for this purpose, 20 percent is for a grant to Anoka County, 40 percent is for a grant to Hennepin County, and 40 percent is for a grant to Ramsey County.

Subd. 2. **Grants to community organizations; eligibility.** (a) A county that receives a grant pursuant to subdivision 1 must use the money received to issue subgrants to community organizations or community-rooted programs to provide intervention and support services for youth who come into contact with peace officers and are suspected to have committed a juvenile petty offense or delinquent act. A subgrantee must disclose to the county the number of cases and the types of offenses they are able to accept. A subgrantee may also use a subgrant to provide stipends or salaries to employ eligible youth. A county may retain up to five percent of the amount received for administrative costs.

(b) To qualify for a subgrant under this section, a program must provide services that:

(1) were in operation before July 1, 2024;

(2) may be used as an alternative to arrest pursuant to Minnesota Statutes, section 260B.1755;

(3) promote personal accountability, prosocial connections, and positive youth development;

(4) include wraparound services to educate and support families of participating youth; and

(5) utilize data-supported practices.

(c) Eligible programs may utilize restorative practices or qualify as a pretrial diversion program for juveniles pursuant to Minnesota Statutes, section 388.24.

(d) In issuing subgrants, counties must prioritize programs that incorporate employment or jobs skills training and programs that collaborate with local law enforcement agencies and accept referrals for intervention from local law enforcement agencies.

Subd. 3. **Return of grant money.** Any portion of a grant issued to a county pursuant to subdivision 1 that is unspent or unencumbered on December 31, 2025, must be returned to the commissioner of public safety. Any money returned to the commissioner pursuant to this subdivision must be treated as a canceled appropriation and deposited in the general fund.

Subd. 4. **Reports.** By April 15, 2026, the counties receiving grants under this section must report to the commissioner of public safety on the programs that received subgrants. At a minimum, the report must include:

- (1) the recipients of any subgrants;
- (2) the programs and services provided by each recipient;
- (3) the number of youth served by each recipient and the respective referring agency, if applicable;
- (4) aggregated demographic data regarding youth participating in programs provided by each recipient;
- (5) if applicable, the number and percentage of youth who successfully completed a program or were still participating in a program at the time of the report; and
- (6) the total number of unique youth referrals, and additional referrals for youth for new delinquent offenses after youth began participating in a program or receiving services.

ARTICLE 2

PUBLIC SAFETY

Section 1. Minnesota Statutes 2022, section 260B.198, subdivision 1, is amended to read:

Subdivision 1. **Court order, findings, remedies, treatment.** (a) If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

- (1) counsel the child or the parents, guardian, or custodian;
- (2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for the child's conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;
- (3) if the court determines that the child is a danger to self or others, subject to the supervision of the court, transfer legal custody of the child to one of the following:

(i) a child-placing agency;

(ii) the local social services agency;

(iii) a reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245A.01 to 245A.16;

(iv) a county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(v) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) transfer legal custody by commitment to the commissioner of corrections;

(5) if the child is found to have violated a state or local law or ordinance which has resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for such damage and may offer the child an opportunity to participate in a restorative process to satisfy the restitution obligation, where available;

(6) require the child to pay a fine of up to \$1,000. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(7) if the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(8) if the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's 18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize;

(9) if the court believes that it is in the best interest of the child and of public safety that the child is enrolled in school, the court may require the child to remain enrolled in a public school until the child reaches the age of 18 or completes all requirements needed to graduate from high school. Any child enrolled in a public school under this clause is subject to the provisions of the Pupil Fair Dismissal Act in chapter 127;

(10) if the child is petitioned and found by the court to have committed a controlled substance offense under sections 152.021 to 152.027, the court shall determine whether the child unlawfully possessed or sold the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the child's driver's license for the applicable time period specified in section 152.0271. If the child does not have a driver's license or if the child's driver's license is suspended or revoked at the time of the

delinquency finding, the commissioner shall, upon the child's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the child's driver's license for the applicable time period specified in section 152.0271. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing;

(11) if the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an assessment for the court must be experienced in the evaluation and treatment of juvenile sex offenders. If the assessment indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment. Notwithstanding section 13.384, 13.85, 144.291 to 144.298, or 260B.171, or chapter 260E, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

- (i) medical data under section 13.384;
- (ii) corrections and detention data under section 13.85;
- (iii) health records under sections 144.291 to 144.298;
- (iv) juvenile court records under section 260B.171; and
- (v) local welfare agency records under chapter 260E.

Data disclosed under this clause may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law; or

(12) if the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

(b) Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered and shall also set forth in writing the following information:

- (1) why the best interests of the child are served by the disposition ordered; and
- (2) what alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case. Clause (1) does not apply to a disposition under subdivision 1a.

Sec. 2. Minnesota Statutes 2022, section 260B.225, subdivision 9, is amended to read:

Subd. 9. **Juvenile major highway or water traffic offender.** If the juvenile court finds that the child is a juvenile major highway or water traffic offender, it may make any one or more of the following dispositions of the case:

- (1) reprimand the child and counsel with the child and the parents;

(2) continue the case for a reasonable period under such conditions governing the child's use and operation of any motor vehicles or boat as the court may set;

(3) require the child to attend a driver improvement school if one is available within the county;

(4) recommend to the Department of Public Safety suspension of the child's driver's license as provided in section 171.16;

(5) if the child is found to have committed two moving highway traffic violations or to have contributed to a highway accident involving death, injury, or physical damage in excess of \$100, the court may recommend to the commissioner of public safety or to the licensing authority of another state the cancellation of the child's license until the child reaches the age of 18 years, and the commissioner of public safety is hereby authorized to cancel the license without hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety, or to the licensing authority of another state, that the child's license be returned, and the commissioner of public safety is authorized to return the license;

(6) place the child under the supervision of a probation officer in the child's own home under conditions prescribed by the court including reasonable rules relating to operation and use of motor vehicles or boats directed to the correction of the child's driving habits;

(7) if the child is found to have violated a state or local law or ordinance and the violation resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for the damage and may offer the child an opportunity to participate in a restorative process to satisfy the restitution obligation, where available;

(8) require the child to pay a fine of up to \$1,000. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child; or

(9) if the court finds that the child committed an offense described in section 169A.20, the court shall order that a chemical use assessment be conducted and a report submitted to the court in the manner prescribed in section 169A.70. If the assessment concludes that the child meets the level of care criteria for placement under rules adopted under section 254A.03, subdivision 3, the report must recommend a level of care for the child. The court may require that level of care in its disposition order. In addition, the court may require any child ordered to undergo an assessment to pay a chemical dependency assessment charge of \$75. The court shall forward the assessment charge to the commissioner of management and budget to be credited to the general fund. The state shall reimburse counties for the total cost of the assessment in the manner provided in section 169A.284.

Sec. 3. Minnesota Statutes 2022, section 260B.235, subdivision 4, is amended to read:

Subd. 4. **Dispositions.** If the juvenile court finds that a child is a petty offender, the court may:

(1) require the child to pay a fine of up to \$100;

(2) require the child to participate in a community service project;

(3) require the child to participate in a drug awareness program;

(4) order the child to undergo a chemical dependency evaluation and if warranted by this evaluation, order participation by the child in an outpatient chemical dependency treatment program;

(5) place the child on probation for up to six months or, in the case of a juvenile alcohol or controlled substance offense, following a determination by the court that the juvenile is chemically dependent, the court may place the child on probation for a time determined by the court;

(6) order the child to make restitution to the victim, which may be satisfied through participation in a restorative process, where available; or

(7) perform any other activities or participate in any other outpatient treatment programs deemed appropriate by the court.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase an alcoholic beverage in violation of section 340A.503, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit, Minnesota identification card, or any type of false identification to purchase or attempt to purchase the alcoholic beverage, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase tobacco in violation of section 609.685, subdivision 3, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit, Minnesota identification card, or any type of false identification to purchase or attempt to purchase tobacco, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

None of the dispositional alternatives described in clauses (1) to (6) shall be imposed by the court in a manner which would cause an undue hardship upon the child.

Sec. 4. Minnesota Statutes 2023 Supplement, section 299A.49, subdivision 8, is amended to read:

Subd. 8. **State emergency response asset.** "State emergency response asset" means any team or teams defined under this section and that has entered into a contractual agreement with the State Fire Marshal Division.

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

Sec. 5. Minnesota Statutes 2023 Supplement, section 299A.49, subdivision 9, is amended to read:

Subd. 9. **Urban search and rescue team (USAR) (US&R).** "Urban search and rescue team" or "USAR" "US&R" means a ~~team trained and equipped to respond to and carry out rescue and recovery operations at the scene of a collapsed structure. A USAR team may include strategically located fire department assets combined under one joint powers agreement~~ multihazard discipline that involves the location, extrication, and initial medical stabilization of victims trapped or missing because of a man-made or natural disaster.

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

Sec. 6. Minnesota Statutes 2022, section 299A.73, subdivision 4, is amended to read:

Subd. 4. **Administrative costs.** The commissioner may use up to ~~two~~ ten percent of the biennial appropriation for grants-in-aid to the youth intervention program to pay costs incurred by the department in administering the youth intervention program.

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

Sec. 7. Minnesota Statutes 2023 Supplement, section 299A.95, subdivision 5, is amended to read:

Subd. 5. **Grants.** (a) Within available appropriations, the director shall award grants to establish and support restorative practices initiatives. An approved applicant must receive a grant of up to \$500,000 each year.

(b) On an annual basis, the Office of Restorative Practices shall establish a minimum number of applications that must be received during the application process. If the minimum number of applications is not received, the office must reopen the application process.

(c) Grants may be awarded to private and public nonprofit agencies; local units of government, including cities, counties, and townships; local educational agencies; and Tribal governments. A restorative practices advisory committee may support multiple entities applying for grants based on community needs, the number of youth and families in the jurisdiction, and the number of restorative practices available to the community. Budgets supported by grant funds can include contracts with partner agencies.

(d) Applications must include the following:

(1) a list of willing restorative practices advisory committee members;

(2) letters of support from potential restorative practices advisory committee members;

(3) a description of the planning process that includes:

(i) a description of the origins of the initiative, including how the community provided input; and

(ii) an estimated number of participants to be served; and

(4) a formal document containing a project description that outlines the proposed goals, activities, and outcomes of the initiative including, at a minimum:

(i) a description of how the initiative meets the minimum eligibility requirements of the grant;

(ii) the roles and responsibilities of key staff assigned to the initiative;

(iii) identification of any key partners, including a summary of the roles and responsibilities of those partners;

(iv) a description of how volunteers and other community members are engaged in the initiative; and

(v) a plan for evaluation and data collection.

(e) In determining the appropriate amount of each grant, the Office of Restorative Practices shall consider the number of individuals likely to be served by the local restorative practices initiative.

(f) The Office of Restorative Practices may award grants to provide restitution funds that allow a victim of a juvenile offense, juvenile petty offense, or major traffic offense as defined in section 260B.225, subdivision 1, paragraph (b), committed by a juvenile to obtain monetary compensation to satisfy the restitution obligations of a child who participates in a restorative process to address harm.

ARTICLE 3

CORRECTIONS

Section 1. [241.253] REPORTING ON INMATE COMMUNICATION SERVICES REQUIRED.

(a) By February 1 of each year, each county and regional correctional facility in the state, including a jail, juvenile detention center, workhouse, or lockup, must report to the commissioner of corrections on their communications contracts for incarcerated people. The report must include the total number of phone calls, phone call minutes, video visits, and e-messages initiated or received by incarcerated people in such facilities during the preceding calendar year. The report must also include the total amount of revenue generated by vendors at each facility in the preceding calendar year. The report must also include the total amount of commissions earned by each county and regional correctional facility, including a jail, juvenile detention center, workhouse, or lockup, during the preceding calendar year. The report must also include how the commissions were spent.

(b) For the purposes of this section, "commission" means any form of monetary payment, in-kind payment requirement, gift, exchange of services or goods, fee, or technology allowance.

(c) By March 1 of each year, the commissioner must compile the county and regional jail communications data collected under paragraph (a) into a single report and submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over criminal justice policy.

Sec. 2. Minnesota Statutes 2023 Supplement, section 244.41, is amended by adding a subdivision to read:

Subd. 3a. **Conditional release.** As used in sections 244.40 to 244.51, "conditional release" has the meaning given in section 609.02, subdivision 18.

Sec. 3. Minnesota Statutes 2023 Supplement, section 244.41, subdivision 6, is amended to read:

Subd. 6. **Earned compliance credit.** "Earned compliance credit" means a one-month reduction from the period during active supervision of the supervised release term for every two months that

a supervised individual exhibits compliance with the conditions and goals of the individual's supervision plan. Earned compliance credit also applies to a conditional release term.

Sec. 4. Minnesota Statutes 2023 Supplement, section 244.41, subdivision 14, is amended to read:

Subd. 14. **Supervision abatement status.** "Supervision abatement status" means an end to active correctional supervision of a supervised individual without effect on the legal expiration date of the individual's executed sentence less any earned incentive release credit or the expiration date of a conditional release term.

Sec. 5. Minnesota Statutes 2023 Supplement, section 244.46, subdivision 1, is amended to read:

Subdivision 1. **Adopting policy for earned compliance credit; supervision abatement status.**

(a) The commissioner must adopt a policy providing for earned compliance credit.

(b) Except as otherwise provided in the act, once the time served on active supervision plus earned compliance credits equals the total length of the supervised release term, the commissioner must place the individual on supervision abatement status for the remainder of the supervised release term and, if applicable, the conditional release term.

Sec. 6. Minnesota Statutes 2023 Supplement, section 244.46, subdivision 2, is amended to read:

Subd. 2. **Violating conditions of release; commissioner action.** If an individual violates the conditions of release while on supervision abatement status, the commissioner may:

(1) return the individual to active supervision for the remainder of the supervised release or conditional release term, with or without modifying the conditions of release; or

(2) revoke the individual's supervised release or conditional release in accordance with section 244.05, subdivision 3.

Sec. 7. Minnesota Statutes 2023 Supplement, section 401.10, subdivision 1, is amended to read:

Subdivision 1. **Community supervision funding formula.** (a) Beginning July 1, 2023, the community supervision subsidy paid to each county, the commissioner for supervision of non-CCA jurisdictions served by the Department of Corrections, and each applicable Tribal Nation under paragraph (e) equals the sum of:

(1) a base funding amount equal to \$150,000; and

(2) a community supervision formula equal to the sum of:

(i) for each individual with a felony sentence, a felony per diem rate of \$5.62 multiplied by the sum of the county's or Tribal Nation's adult felony population, adult supervised release and parole populations, and juvenile supervised release and parole populations as reported in the most recent probation survey published by the commissioner, multiplied by 365; and

(ii) for each individual sentenced for a gross misdemeanor or misdemeanor or under juvenile probation, the felony per diem rate of \$5.62 multiplied by 0.5 and then multiplied by the sum of the

county's or Tribal Nation's gross misdemeanor, misdemeanor, and juvenile populations as reported in the most recent probation survey published by the commissioner, multiplied by 365.

(b) For a non-CCA jurisdiction under section 244.19, subdivision 1b, paragraph (b) or (c), the base funding amount must be shared equally between the jurisdiction and the commissioner for the provision of felony supervision under section 244.20.

(c) If in any year the total amount appropriated for the purpose of this section is more than or less than the total of base funding plus community supervision formula funding for all counties and applicable Tribal Nations, the sum of each county's and applicable Tribal Nation's base funding plus community supervision formula funding is adjusted by the ratio of amounts appropriated for this purpose divided by the total of base funding plus community supervision formula funding for all counties and applicable Tribal Nations.

(d) If in any year the base funding plus the community supervision formula amount based on what was appropriated in fiscal year 2024 is less than the funding paid to the county in fiscal year 2023, the difference is added to the community supervision formula amount for that county. A county is not eligible for additional funding under this paragraph unless the base funding plus community supervision formula results in an increase in funding for the county based on what was appropriated in the previous fiscal year. This paragraph expires June 30, 2029.

(e) For each Tribal Nation, a funding amount of \$250,000 is allotted annually to purchase probation services or probation-related services, including contracted services, but a Tribal Nation that becomes a CCA jurisdiction or a non-CCA jurisdiction under section 244.19, subdivision 1b, paragraph (b) or (c), is an applicable Tribal Nation under paragraphs (a) to (c) and:

(1) has the Tribal Nation's funding amount of \$250,000 transferred to the total community supervision subsidy amount appropriated for the purposes of this section; and

(2) is allotted a base funding amount equal to \$150,000 plus an amount as determined according to the community supervision formula under paragraph (a), clause (2).

(f) Minnesota Rehabilitation and Reinvestment Act savings under section 244.50, subdivision 4, clause (2), are appropriated to each CCA jurisdiction and non-CCA jurisdiction served by the Department of Corrections by dividing the three-year average of the number of individuals on supervised release and intensive supervised release within the jurisdiction by the three-year average of the total number of individuals under supervised release and intensive supervised release statewide, using the numbers reported annually in the Probation Survey report.

Sec. 8. Minnesota Statutes 2022, section 609.02, is amended by adding a subdivision to read:

Subd. 18. **Conditional release.** "Conditional release" means a court-ordered mandatory term of community supervision as prescribed by sections 169A.276, subdivision 1, paragraph (d) (first-degree DWI); 243.166, subdivision 5a (violating predatory offender registration requirements); 609.2231, subdivision 3a, paragraph (d) (assault on secure treatment facility staff); 609.3455, subdivisions 6 and 7 (criminal sexual conduct); 617.246, subdivision 7 (use of minors in sexual performances); and 617.247, subdivision 9 (possession of child pornography). Conditional release is in addition to any applicable supervised release term.

Sec. 9. Minnesota Statutes 2023 Supplement, section 609A.06, subdivision 2, is amended to read:

Subd. 2. **Executive director.** (a) The governor must appoint the initial executive director of the Cannabis Expungement Board. The executive director must be knowledgeable about expungement law and criminal justice. The executive director serves at the pleasure of the board in the unclassified service as an executive branch employee. Any vacancy shall be filled by the board.

~~(b) The executive director's salary is set in accordance with section 15A.0815, subdivision 3.~~

~~(e)~~ (b) The executive director may obtain office space and supplies and hire administrative staff necessary to carry out the board's official functions, including providing administrative support to the board and attending board meetings. Any additional staff serve in the classified service.

~~(d)~~ (c) At the direction of the board, the executive director may enter into interagency agreements with the Department of Corrections or any other agency to obtain material and personnel support necessary to carry out the board's mandates, policies, activities, and objectives.

Sec. 10. Minnesota Statutes 2023 Supplement, section 638.09, subdivision 5, is amended to read:

Subd. 5. **Executive director.** (a) The board must appoint a commission executive director knowledgeable about clemency and criminal justice. The executive director serves at the pleasure of the board in the unclassified service as an executive branch employee.

~~(b) The executive director's salary is set in accordance with section 15A.0815, subdivision 3.~~

~~(e)~~ (b) The executive director may obtain office space and supplies and hire administrative staff necessary to carry out the commission's official functions, including providing administrative support to the board and attending board meetings. Any additional staff serve in the unclassified service at the pleasure of the executive director.

Sec. 11. Laws 2023, chapter 52, article 8, section 20, subdivision 3, is amended to read:

Subd. 3. **Department administrative assistance.** Beginning August 1, 2023, through ~~February 29, 2024~~ June 30, 2024, the Department of Corrections must provide the Clemency Review Commission with administrative assistance, technical assistance, office space, and other assistance necessary for the commission to carry out its duties under sections 4 to 20.

EFFECTIVE DATE. This section is effective retroactively from February 28, 2024.

Sec. 12. Laws 2023, chapter 63, article 5, section 5, is amended to read:

Sec. 5. **TRANSITION PERIOD.**

Beginning August 1, 2023, through ~~March 1, 2024~~ August 1, 2024, the Department of Corrections must provide the Cannabis Expungement Board with administrative assistance, technical assistance, office space, and other assistance necessary for the board to carry out its duties under Minnesota Statutes, section 609A.06. The Cannabis Expungement Board shall reimburse the Department of Corrections for the services and space provided.

EFFECTIVE DATE. This section is effective retroactively from February 28, 2024."

Amend the title as follows:

Page 1, line 3, after the second comma, insert "judiciary,"

Page 1, line 4, after the first semicolon, insert "requiring reports;"

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary and Public Safety, to which was re-referred

S.F. No. 4985: A bill for an act relating to taxation; property; modifying distribution of excess proceeds from sales of tax-forfeited property; appropriating money; amending Minnesota Statutes 2022, sections 281.23, subdivision 2; 282.08; 282.241, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 282.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes. Report adopted.

Senator Dzedzic from the Committee on State and Local Government and Veterans, to which was referred

S.F. No. 4643: A bill for an act relating to retirement; authorizing eligible employees of the Minnesota State Colleges and Universities who are members of the higher education individual retirement account plan to elect coverage by the Teachers Retirement Association and purchase past service credit; requiring an annual report; appropriating money for offsetting the cost of service credit purchases; amending Minnesota Statutes 2022, section 354B.20, subdivision 18, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 354B.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TEACHER PENSIONS

Section 1. Minnesota Statutes 2023 Supplement, section 354.05, subdivision 38, is amended to read:

Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025 2024, for a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not

to exceed age 66. Beginning July 1, ~~2025~~ 2024, normal retirement age for all members means age 65.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 2. Minnesota Statutes 2023 Supplement, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member is the percentage of total salary specified below for the applicable program:

Program	Percentage of Total Salary
basic program after June 30, 2016, through June 30, 2023	10 percent
basic program after June 30, 2023, through June 30, 2025 <u>2024</u>	10.25 percent
<u>basic program after June 30, 2024, through June 30, 2025</u>	<u>10</u>
<u>basic program after June 30, 2025, through June 30, 2026</u>	<u>11.25</u>
basic program after June 30, 2025 <u>2026</u>	11.5 percent
coordinated program after June 30, 2016, through June 30, 2023	7.5 percent
coordinated program after June 30, 2023, through June 30, 2025 <u>2024</u>	7.75 percent
<u>coordinated program after June 30, 2024, through June 30, 2025</u>	<u>7.5</u>
<u>coordinated program after June 30, 2025, through June 30, 2026</u>	<u>8.75</u>
coordinated program after June 30, 2025 <u>2026</u>	9 percent

(b) Contributions must be made by deduction from salary and must be remitted directly to the ~~St. Paul Teachers Retirement Fund~~ association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

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

Sec. 3. Minnesota Statutes 2022, section 354B.20, is amended by adding a subdivision to read:

Subd. 10a. **IRAP to TRA transfer account.** "IRAP to TRA transfer account" means the account established under section 354B.215, subdivision 11.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 354B.20, is amended by adding a subdivision to read:

Subd. 11a. **Offset amount.** "Offset amount" means the lesser of \$10,000 or 25 percent of the cost to purchase the maximum past service credit by an eligible person under section 354B.215, subdivision 6, except that, if the eligible person elects to purchase, under section 354B.215, subdivision 6, paragraph (c), less than the maximum past service credit, the offset amount must not exceed the cost to purchase the amount of past service credit elected.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 354B.20, subdivision 18, is amended to read:

Subd. 18. **Teachers Retirement ~~plan~~ Association.** "Teachers Retirement ~~plan~~ Association" means the retirement plan established by chapter 354.

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

Sec. 6. **[354B.215] TEACHERS RETIREMENT ASSOCIATION COVERAGE FOR EMPLOYEES WHO DID NOT RECEIVE ELECTION TO TRANSFER.**

Subdivision 1. Definitions. (a) For purposes of this section, the terms defined in this subdivision have the meanings given them, unless the context clearly indicates another meaning is intended.

(b) "Executive director" means the executive director of the Teachers Retirement Association.

(c) "Individual retirement account plan" means the individual retirement account plan governed by chapter 354B.

(d) "Maximum past service credit" means service credit for the period beginning with the date the eligible person was first covered by the individual retirement account plan to the transfer date.

(e) "Minnesota State" means the Minnesota State Colleges and Universities.

(f) "Transfer date" means the date selected by the executive director under subdivision 5 for the purpose of preparing the estimates required by subdivision 5.

Subd. 2. Authority to transfer coverage. Notwithstanding any provision of law to the contrary, an eligible person described in subdivision 3 is authorized to become a member of the Teachers Retirement Association and purchase service credit upon making an election under subdivision 6.

Subd. 3. Eligible person. (a) An eligible person is a person who:

(1) is employed by Minnesota State;

(2) has an account in the individual retirement account plan; and

(3) satisfies paragraph (b).

(b) A person satisfies this paragraph if Minnesota State is not able to produce at least one of the following items by the end of the 60-day period under subdivision 4, paragraph (b):

(1) a record indicating that the person received notice regarding the person's eligibility to elect prospective coverage by the Teachers Retirement Association within the election period under section 354B.211, subdivision 4 or 6, or its predecessor;

(2) a record that the person elected retirement coverage by the individual retirement account plan; or

(3) other credible documentation demonstrating that the person was aware of the person's right to elect retirement coverage by the Teachers Retirement Association.

Subd. 4. **Eligible person application; information required from Minnesota State.** (a) To elect coverage by the Teachers Retirement Association, an eligible person must submit a written application to the chancellor on a form provided by Minnesota State. The application must include:

(1) an attestation that the person was not informed of the right to elect a transfer from the individual retirement account plan to the Teachers Retirement Association and the person was unaware of the right to elect such a transfer;

(2) the date on which the person first became a participant in the individual retirement account plan;

(3) a signed release authorizing Minnesota State to provide employment and other personnel information to the Teachers Retirement Association; and

(4) any other information that Minnesota State may require.

(b) No later than 60 days after receipt of the application under paragraph (a), Minnesota State must verify the information provided by the person in the application, determine whether the person is an eligible person under subdivision 3, and provide a written response to the person regarding the determination of eligibility. If Minnesota State determines that the person is not an eligible person, Minnesota State must include a copy of any documentation identified in subdivision 3, paragraph (b), in its written response to the person.

(c) If Minnesota State determines that the person is an eligible person under subdivision 3, Minnesota State must forward to the executive director:

(1) the application;

(2) confirmation or modification of the information provided by the eligible person in the application;

(3) salary history for the eligible person;

(4) an estimate of the amount available for transfer from the eligible person's account in the individual retirement account plan to the Teachers Retirement Association; and

(5) any other relevant information.

Subd. 5. **Determination of service credit purchase amounts.** (a) Upon receipt of the application and information under subdivision 4, the executive director must prepare estimates of the following as of a prospective transfer date selected by the executive director that is no later than 90 days after receiving the application and information under subdivision 4:

(1) the purchase payment amount determined under section 356.551 to purchase the maximum past service credit;

(2) the amount of service credit the eligible person would receive if the amount estimated under subdivision 4, paragraph (c), clause (4), is transferred to the Teachers Retirement Association and used to purchase service credit under section 356.551;

(3) the purchase payment amount for additional years of service credit, if any, not to exceed the maximum past service credit; and

(4) the offset amount attributable to the eligible person.

(b) No later than 90 days after receiving the application and information under subdivision 4, the executive director must send a written communication to the eligible person with the amounts determined in paragraph (a) and inform Minnesota State of the offset amount. The executive director may charge the eligible person a reasonable fee to cover the costs of calculating the amounts required by paragraph (a).

(c) Minnesota State must notify the eligible person and the executive director no later than 30 days after receiving notice of the offset amount from the executive director under paragraph (b) if there are sufficient funds in the IRAP to TRA transfer account to pay the full offset amount or, if there are not sufficient funds, the portion of the offset amount, if any, that will be paid.

Subd. 6. **Election to transfer coverage and purchase of service credit.** (a) No later than 60 days after the executive director sends the written communication required by subdivision 5, the eligible person may elect to transfer coverage from the individual retirement account plan to the Teachers Retirement Association effective as of the transfer date.

(b) If the eligible person elects to transfer coverage under paragraph (a), the available balance in the eligible person's account in the individual retirement account plan must be transferred to the Teachers Retirement Association, not to exceed the amount required by the Teachers Retirement Association to purchase the maximum past service credit, as adjusted for the offset amount, if any.

(c) If the available balance in the eligible person's account in the individual retirement account plan plus the offset amount, if any, is less than the amount needed to cover the cost to purchase the maximum past service credit, the eligible person must:

(1) direct the transfer of funds from the eligible person's account in the higher education supplemental retirement plan established under chapter 354C, from a source specified in section 356.441, subdivision 1, or from more than one of the foregoing sources in an amount, in total, sufficient to cover the rest of the cost to purchase the maximum past service credit; or

(2) elect fewer years or partial years of service credit corresponding to the amount of service credit that may be purchased using the funds transferred from the individual retirement account plan, the offset amount, and if directed by the eligible person, funds from any of the sources described in clause (1).

(d) Minnesota State must promptly initiate the transfer of funds or work with the eligible person to initiate the transfer of funds to the Teachers Retirement Association from the eligible person's account in the individual retirement account plan and, if directed by the eligible person under paragraph (c), from any other account over which Minnesota State has the authority to initiate or approve transfers when directed by a participant.

(e) Unless the balance in the IRAP to TRA transfer account is zero, Minnesota State must direct a transfer to the Teachers Retirement Association of an amount that is equal to the offset amount attributable to the eligible person. If the balance in the IRAP to TRA transfer account is less than

the amount needed to transfer the offset amount, Minnesota State must direct a transfer of the remaining balance in the IRAP to TRA transfer account to the Teachers Retirement Association.

Subd. 7. **Commencement of membership in the Teachers Retirement Association.** (a) Upon receipt by the Teachers Retirement Association of the transfer or transfers under subdivision 6, the eligible person's membership in the Teachers Retirement Association commences effective as of the transfer date and the executive director must grant past service credit to the eligible person.

(b) The executive director may adjust the amount of past service credit granted to the eligible person as necessary to ensure that the Teachers Retirement Association does not receive less than required to cover the cost of the past service credit granted.

(c) Upon membership commencement, the eligible person ceases to be an active participant in the individual retirement account plan.

(d) Upon membership commencement, the person's membership status is irrevocable. Neither Minnesota State nor the Teachers Retirement Association may seek to revoke the eligible person's membership status due to events, including but not limited to Minnesota State producing documentation that would have previously disqualified the person as an eligible person under subdivision 3.

Subd. 8. **Service credit for vesting.** The Teachers Retirement Association must grant service credit to the eligible person for all years or partial years of service with Minnesota State for the purpose of vesting in a retirement annuity under section 354.44 or in a retirement benefit under section 354.46 or 354.48.

Subd. 9. **Notice to employees.** No later than March 31, 2025, and periodically thereafter, Minnesota State must provide notice to all employees summarizing this section and offer assistance to any eligible person who wishes to elect to transfer coverage from the individual retirement account plan to the Teachers Retirement Association. Minnesota State must designate personnel responsible for assisting employees with the requirements of this section. The notice must identify these personnel and provide their contact information.

Subd. 10. **Annual report required.** The chancellor and the executive director must submit an annual report to the Legislative Commission on Pensions and Retirement stating the number of employees who elected a transfer during the prior calendar year. Without identifying any eligible person, the report must include for each eligible person the total amount transferred by the eligible person from the eligible person's account in the individual retirement account plan and other sources to purchase past service credit and the offset amount, if any. The report must be submitted to the Legislative Commission on Pensions and Retirement no later than January 31 of each year.

Subd. 11. **IRAP to TRA transfer account created.** (a) The IRAP to TRA transfer account is created in the special revenue fund.

(b) Minnesota State must use the money in the IRAP to TRA transfer account established under paragraph (a) to transfer amounts required by subdivision 6, paragraph (c), until the balance in the account is zero.

EFFECTIVE DATE. (a) Subdivisions 1 to 10 are effective January 1, 2025.

(b) Subdivision 11 is effective July 1, 2024.

Sec. 7. Laws 2022, chapter 65, article 3, section 1, subdivision 2, is amended to read:

Subd. 2. ~~Three-year~~ **Temporary suspension of earnings limitation for teachers covered by TRA and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall be deferred regardless of the amount of the salary earned from the teaching service during the preceding fiscal year. This paragraph applies only to salary earned during fiscal years 2022, 2023, ~~and 2024,~~ 2025, 2026, and 2027 and annuity payments made during calendar years 2023, 2024, ~~and 2025,~~ 2026, 2027, and 2028.

(b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be deferred or forfeited regardless of the amount of the salary earned from the teaching service during the preceding calendar year. This ~~subdivision paragraph~~ applies only to salary earned during calendar years 2022, 2023, ~~and 2024,~~ 2025, 2026, and 2027 and annuity payments made during calendar years 2023, 2024, ~~and 2025,~~ 2026, 2027, and 2028.

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

Sec. 8. Laws 2022, chapter 65, article 3, section 1, subdivision 3, is amended to read:

Subd. 3. **Expiration date.** This section expires effective January 1, ~~2026~~ 2029.

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

ARTICLE 2

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. Minnesota Statutes 2022, section 424A.001, subdivision 4, is amended to read:

Subd. 4. **Relief association.** (a) "Relief association" or "~~volunteer~~ firefighters relief association" means a ~~volunteer~~ firefighters relief association ~~or a volunteer firefighters division or account of a partially salaried and partially volunteer firefighters relief association~~ that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters and paid on-call firefighters under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 424A.091 to 424A.095; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "~~volunteer~~ firefighters relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the statewide volunteer firefighter plan governed by chapter 353G.

(c) A relief association or ~~volunteer~~ firefighters relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 424A.001, subdivision 5, is amended to read:

Subd. 5. **Special fund.** "Special fund" means the special fund of a ~~volunteer~~ firefighters relief association ~~or the account for volunteer firefighters within the special fund of a partially salaried and partially volunteer firefighters relief association.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 424A.001, subdivision 8, is amended to read:

Subd. 8. **Firefighting service.** "Firefighting service," ~~if the applicable municipality approves for a fire department that is a municipal department, or if the applicable contracting municipality or municipalities approve for a fire department that is an independent nonprofit firefighting corporation, includes fire department service rendered~~ means duties performed by firefighters and, if approved by the appropriate municipality or municipalities, duties performed by fire prevention personnel.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 424A.001, subdivision 9, is amended to read:

Subd. 9. **Separate from active service.** "Separate from active service" means that a firefighter permanently ceases to perform fire suppression duties ~~with a particular volunteer fire department, permanently ceases to perform~~ and fire prevention duties and, permanently ceases to supervise fire suppression ~~duties~~, and ~~permanently ceases to supervise~~ fire prevention duties with a particular fire department.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 9b. **Firefighter.** "Firefighter" means a person who is a volunteer firefighter, paid on-call firefighter, part-time firefighter, full-time firefighter, career firefighter, or any combination thereof.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 424A.001, subdivision 10, is amended to read:

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person firefighter who is a member of the applicable fire department or the independent nonprofit firefighting corporation does not receive compensation per call or hour for firefighting services but who may receive reimbursement for expenses, who has a choice of availability in providing services with the fire department, and who is eligible for membership in the applicable a relief association and; associated with the fire department or participates in the statewide volunteer firefighter plan under chapter 353G.

~~(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a fire department;~~

~~(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and~~

~~(iii) meets any other minimum firefighter and service standards established by the fire department or specified in the articles of incorporation or bylaws of the relief association.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 10a. **Paid on-call firefighter.** "Paid on-call firefighter" means a firefighter who receives compensation per call or per hour for firefighting services, who has a choice of availability regarding the firefighter's hours or scheduled shifts in providing services with the fire department, and who is eligible for membership in a relief association associated with the fire department or participates in the statewide volunteer firefighter plan under chapter 353G.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 10b. **Part-time firefighter.** "Part-time firefighter" means a firefighter who receives compensation per call or per hour for firefighting services, whose services with the fire department are scheduled, who is considered by the firefighter's employer to be in part-time employment, and who, as a result of providing firefighting services, is a member or is eligible to be a member of the general employees retirement plan or the public employees police and fire plan under chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 10c. **Full-time firefighter or career firefighter.** "Full-time firefighter" or "career firefighter" means a firefighter who receives compensation per hour or a salary for firefighting services, whose services with the fire department are scheduled and who, as a result of providing firefighting services, is a member or is eligible to be a member of the general employees retirement plan or the public employees police and fire plan under chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. Minnesota Statutes 2022, section 424A.003, is amended to read:

424A.003 CERTIFICATION OF SERVICE CREDIT.

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with ~~the volunteer~~ a firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter and paid on-call firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter and paid on-call firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. Upon request, the fire chief shall provide the firefighter with a written explanation and documentation to support the determination of service credit. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter at least 21 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter or paid on-call firefighter rendered at least the minimum level of duties as specified and required by the fire department under the rules, regulations, and policies applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a volunteer firefighter or paid on-call firefighter who is a member of the relief association leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the firefighter must be certified as providing service credit for the period of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the volunteer firefighter or paid on-call firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and canceled at the end of the calendar year in which the time limit set by federal law occurs.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. Minnesota Statutes 2022, section 424A.01, subdivision 1, is amended to read:

Subdivision 1. ~~Minors~~ **Membership eligibility.** ~~No volunteer~~ (a) A firefighter or any volunteer emergency medical personnel is eligible for membership in a firefighters relief association associated with a if the firefighter or volunteer emergency medical personnel satisfies the requirements of

paragraph (b) or (c), as applicable, and is not otherwise prohibited from membership under this chapter.

(b) To be eligible for membership in a relief association, a firefighter must be a member of the fire department and:

(1) provide services as a volunteer firefighter or as a paid on-call firefighter, although the firefighter need not exclusively provide services as either a volunteer firefighter or a paid on-call firefighter;

(2) be engaged in providing emergency response services or delivering fire education or prevention services as a member of a fire department;

(3) be trained in or qualified to provide fire suppression duties or to provide fire prevention duties; and

(4) meet any other minimum firefighter and service standards established by the fire department or specified in the articles of incorporation or bylaws of the firefighters relief association.

(c) A volunteer emergency medical personnel is eligible to be a member of the firefighters relief association and to qualify for a service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform or supervise fire suppression or fire prevention duties if:

(1) the fire department employs or otherwise uses the services of the person solely as volunteer emergency medical personnel to perform emergency medical response duties or supervise emergency medical response activities;

(2) the bylaws of the firefighters relief association authorize the volunteer emergency medical personnel's eligibility; and

(3) the volunteer emergency medical personnel's eligibility is approved by:

(i) the municipality, ~~a~~ if the fire department is a municipal department;

(ii) the joint powers ~~entity~~ board, if the fire department is a joint powers entity; or

(iii) the contracting municipality or municipalities, if the fire department is an independent nonprofit firefighting corporation ~~may include as a~~.

(d) Minors are prohibited from membership in a firefighters relief association ~~member a minor serving as a volunteer firefighter.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2022, section 424A.01, subdivision 2, is amended to read:

Subd. 2. **Status of substitute ~~volunteer~~ firefighters.** No person who is serving as a substitute ~~volunteer~~ firefighter may be considered to be a firefighter for purposes of chapter 477B or this

chapter and no substitute ~~volunteer~~ firefighter is authorized to be a member of any ~~volunteer~~ firefighters relief association governed by chapter 477B or this chapter.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 424A.01, subdivision 5, is amended to read:

Subd. 5. **Fire prevention personnel.** (a) If the applicable municipality or municipalities approve, the fire department may employ or otherwise utilize the services of persons as ~~volunteer~~ firefighters to perform fire prevention duties and to supervise fire prevention activities.

(b) ~~Personnel~~ Volunteer firefighters and paid on-call firefighters serving in fire prevention positions are eligible to be members of the applicable ~~volunteer firefighter~~ firefighters relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform fire suppression duties.

(c) ~~Personnel~~ Volunteer firefighters and paid on-call firefighters serving in fire prevention positions also are eligible to receive any other benefits under the applicable law or practice for services on the same basis as personnel who are employed to perform fire suppression duties.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 424A.015, subdivision 1, is amended to read:

Subdivision 1. **Separation from active service; exception.** (a) No service pension is payable to a person while the person remains an active member of the respective fire department, and a person who is receiving a service pension is not entitled to receive any other benefits from the special fund of the relief association.

(b) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person discontinues volunteer firefighter and paid on-call firefighter duties with the fire department and performs duties within the fire department on a part-time or full-time basis;

(2) the governing body of the municipality, of the independent nonprofit firefighting corporation, or of the joint powers entity has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's part-time or full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such part-time or full-time employees.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 424A.015, subdivision 5, is amended to read:

Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension amount to the requesting member's account in the Minnesota deferred compensation plan, if:

- (1) the governing articles of incorporation or bylaws so provide;
- (2) the ~~volunteer~~ firefighter participates in the Minnesota deferred compensation plan at the time of retirement; and
- (3) the applicable retiring firefighter requests in writing that the relief association do so.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 424A.015, subdivision 7, is amended to read:

Subd. 7. **Combined service pensions.** (a) A member with credit for service as an active firefighter in more than one ~~volunteer~~ firefighters relief association is entitled to a service pension from each participating relief association if:

- (1) the articles of incorporation or bylaws of the relief associations provide for such combined service pensions;
- (2) the applicable requirements of paragraphs (b) to (e) are met; and
- (3) the member otherwise qualifies.

(b) A member receiving a service pension under this subdivision must be at least partially vested under the bylaws of the first participating relief association on the date on which the member terminates active service with that relief association. The service pension paid from the first participating relief association shall be based on the years of active service accrued in the first relief association and the vesting percentage applicable to those years of active service.

(c) To receive a service pension from each subsequent relief association, the member must be at least partially vested under the bylaws of the subsequent relief association, taking into consideration the member's total service credit accrued in all participating relief associations to the date the member terminates active service with the subsequent relief association. The service pension paid from each subsequent relief association shall be based on the years of active service accrued solely in that relief association and the vesting percentage applicable to the combined amount of total service credit accrued in all of the participating relief associations.

(d) The member must have one or more years of service credit in each participating relief association. The service pension must be based on:

- (1) for defined benefit relief associations, the service pension amount in effect for the relief association on the date on which the member's active ~~volunteer~~ firefighting services covered by that relief association terminate; and
- (2) for defined contribution relief associations, the member's individual account balance on the date on which the member's active ~~volunteer~~ firefighting services covered by that relief association terminate.

(e) To receive a service pension under this subdivision, the member must become a member of the subsequent relief association within two years of the date of termination of active service with the prior relief association. If requested by the member or a subsequent relief association, the secretary of each prior relief association must provide written notice to the member and the subsequent relief association regarding the amount of active service accrued by the member in the prior relief association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 424A.016, subdivision 2, is amended to read:

Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined contribution service pension to each of its members who:

- (1) separates from active service with the fire department;
- (2) reaches age 50;
- (3) completes at least five years of active service as an active member of the fire department to which the relief association is associated;
- (4) completes at least five years of active membership with the relief association before separation from active service; and
- (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution ~~towards~~ toward a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a ~~volunteer~~ firefighter under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 477B.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 18. Minnesota Statutes 2022, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a relief association who has separated from active service and membership and has completed the minimum

service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter and paid on-call firefighter duties and who are employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) A deferred member is entitled to receive a deferred service pension when the member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and makes a valid written application.

(c) A defined contribution relief association must credit interest or additional investment performance on the deferred lump-sum service pension during the period of deferral for all deferred members on or after January 1, 2021. A defined contribution relief association may specify in its bylaws the method by which it will credit interest or additional investment performance to the accounts of deferred members. Such method shall be limited to one of the three methods provided in this paragraph. In the event the bylaws do not specify a method, the interest or additional investment performance must be credited using the method defined in clause (3). The permissible methods are:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at the investment return on the assets of the special fund of the defined contribution ~~volunteer firefighters~~ relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account ~~through the accounting date on which the investment return is recognized by and credited to the special fund.~~

(d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw amendments made in accordance with paragraph (c) on or before January 1, 2022, shall apply to members already in deferred status as of January 1, 2021.

(e) ~~Unless the bylaws provide differently, the dates that will be used by a relief association in determining the creditable amount of interest or additional investment performance on a~~ must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension shall be as follows:

(1) ~~for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or~~

(2) ~~for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 19. Minnesota Statutes 2022, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a ~~volunteer~~ firefighter under this chapter and the articles of incorporation and bylaws of the ~~volunteer~~ firefighters relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 477B.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit ~~towards~~ toward computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality, independent nonprofit firefighting corporation, or joint powers entity may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 20. Minnesota Statutes 2022, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in its bylaws a service pension amount above the following maximum amounts:

(1) for a defined benefit relief association in which the governing bylaws provide for a monthly service pension, the maximum monthly service pension amount per month for each year of service

credited is the lesser of \$100 or the maximum monthly service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.093, subdivision 6, paragraph (d); and

(2) for a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension, the maximum lump-sum service pension amount for each year of service credited is the lesser of \$15,000 or the maximum lump-sum service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.092, subdivision 6, paragraph (e).

(b) A defined benefit relief association may set in its bylaws a service pension amount that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only if the service pension amount has been ratified by the municipality.

(1) For a defined benefit relief association that pays a monthly service pension, the maximum monthly service pension amount per month for each year of service credited is \$100.

(2) For a defined benefit relief association that pays a lump-sum service pension, the maximum lump-sum service pension amount for each year of service credited is \$15,000.

(c) The method of calculating service pensions must be applied uniformly for all years of active service. Credit must be given for all years of active service, unless the bylaws of the relief association provide that service credit is not given for:

(1) years of active service in excess of caps on service credit; or

(2) years of active service earned by a former member who:

(i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire department before becoming vested under subdivision 2; and

(ii) has not resumed active service with the fire department and active membership in the relief association for a period as defined in the relief association's bylaws, of not less than five years.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 21. Minnesota Statutes 2022, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in subdivision 1. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter and paid on-call firefighter duties and who are employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined benefit relief association that provides a lump-sum service pension governed by subdivision 2c may, when its governing bylaws so provide, credit interest on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, interest must be credited in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at an interest rate of up to five percent, compounded annually, as set by the board of trustees.

(d) Any change in the interest rate set by the board of trustees under paragraph (c), clause (3), must be ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(e) Interest under paragraph (c), clause (3), is credited beginning on the January 1 next following the date on which the deferred service pension interest rate as set by the board of trustees was ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(f) Unless the bylaws of a relief association that has elected to credit interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date on which the member separates from active service and membership and ending on the last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(g) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the ~~volunteer~~ firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 22. Minnesota Statutes 2022, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, ~~including any volunteer firefighters relief association governed by Laws 2013, chapter 111, article 5, sections 31 to 42, or any volunteer firefighters division of a relief association governed by chapter 424, and the Bloomington Fire Department Relief Association~~ may only pay ancillary benefits ~~which that would~~ constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(1) with respect to a defined benefit relief association in which governing bylaws provide solely for a lump-sum service pension to a retiring member, or provide a retiring member the choice of either a lump-sum service pension or a monthly service pension and the lump-sum service pension was chosen, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (i) terminates active service with the fire department and active membership in the relief association; and (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any defined benefit relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated by multiplying the service pension amount specified in the bylaws of the relief association at the time of death or disability, whichever applies, by the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated without regard to whether the member had attained the minimum amount of service and membership credit specified in the governing bylaws. For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of a defined benefit relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated. For deferred members, the amount of a permanent disability benefit or a survivor benefit must be calculated using the service pension amount in effect on the date specified in section 424A.015, subdivision 6, unless the bylaws of the relief association specify a different service pension amount to be used for the calculation.

(3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving children and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(4)(i) If a monthly benefit survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(iii) For purposes of this clause, if the relief association bylaws authorize a monthly survivor benefit payable to a designated beneficiary, the relief association bylaws may limit the total survivor benefit amount payable.

(5) For purposes of this section, for a monthly benefit ~~volunteer fire~~ firefighters relief association or for a combination lump-sum and monthly benefit ~~volunteer fire~~ firefighters relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this section, for a lump-sum ~~volunteer fire~~ firefighters relief association or for a combination lump-sum and monthly benefit ~~volunteer fire~~ firefighters relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created under chapter 501C may be a designated beneficiary. If a trust is payable to the surviving children organized under chapter 501C as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 23. Minnesota Statutes 2022, section 424A.021, is amended to read:

424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED SERVICE.

Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a volunteer firefighter or paid on-call firefighter who is absent from firefighting service due to service in the uniformed services, as defined in United States Code, title 38, section 4303(13), may obtain service credit if the relief association is a defined benefit plan or an allocation by the relief association as though the person was an active member if the relief association is a defined contribution plan for the period

of the uniformed service, not to exceed five years, unless a longer period is required under United States Code, title 38, section 4312.

Subd. 2. **Limitations.** (a) To be eligible for service credit or an allocation as though an active member under this section, the ~~volunteer~~ firefighter must return to firefighting service with coverage by the same relief association or by the successor to that relief association upon discharge from service in the uniformed service within the time frame required in United States Code, title 38, section 4312(e).

(b) Service credit or an allocation as though an active member is not authorized if the firefighter separates from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(c) Service credit or an allocation as though an active member is not authorized if the firefighter fails to provide notice to the fire department that the individual is leaving to provide service in the uniformed service, unless it is not feasible to provide that notice due to the emergency nature of the situation.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 24. Minnesota Statutes 2022, section 424A.092, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after preparing an estimate of the expected ~~increase in the financial requirements and change to the accrued liability and the overall funding balance of the special fund~~ resulting from the amendment.

(b) For purposes of this subdivision, "~~financial requirements~~" "overall funding balance" means the amount of the surplus or deficit calculated under subdivision 3, paragraph ~~(e)~~ (b). "Accrued liability" means the amount calculated under subdivision 2 or 2a, as applicable. "Estimate" means the estimate required in paragraph (a).

(c) If the special fund of a relief association to which this section applies ~~does not have a surplus over~~ has a deficit from full funding under subdivision 3, paragraph ~~(e)~~ (b), clause ~~(5)~~ (3), ~~and or if the municipality is required to provide financial support to the special fund under this section has a minimum obligation under subdivision 3, paragraph (d), the board of trustees of the relief association may adopt an any~~ amendment to the articles of incorporation or bylaws adopted by the board of trustees that increases the coverage, service pensions, or retirement benefits provided by the relief association. ~~The amendment~~ is not effective until it is ratified by the governing body of the affiliated municipality or independent nonprofit firefighting corporation, as applicable. The governing body may ratify ~~such the~~ amendment only if the relief association has delivered to the governing body the estimate described in paragraphs (a) and (b), certified by an officer of the relief association.

(d) If the special fund of a relief association to which this section applies is fully funded or has a surplus over full funding under subdivision 3, paragraph ~~(e)~~ (b), clause ~~(5)~~ (3), and if the municipality is not required to provide financial support ~~does not have a minimum obligation under subdivision 3, paragraph (d), to the special fund under this section,~~ the relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions,

or retirement benefits provided by the relief association. ~~(1)~~ The amendment is effective if the municipality ratifies the amendment. ~~(2) The amendment is effective without municipal ratification if or, in the absence of municipal ratification, the amendment satisfies paragraph (e).~~

(e) An amendment satisfies this paragraph if the estimate described in paragraphs (a) and (b) demonstrates that the amendment will not cause:

(1) the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the surplus over full funding reported in the prior year; ~~and~~

~~(2) the financial requirements of the special fund to exceed the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association, an increase in the minimum obligation of the municipality for the upcoming calendar year under subdivision 3, paragraph (d); and~~

~~(3) the special fund of the relief association to have a deficit from full funding under subdivision 3, paragraph (c), clause (5), on the day immediately following the adoption of the amendment.~~

(f) If a relief association amends the articles of incorporation or bylaws without municipal ratification under this subdivision; and, subsequent to the amendment, the ~~financial requirements of the special fund of the relief association under this section are such so as to require financial support from~~ minimum obligation of the municipality under subdivision 3, paragraph (d), increases, the provision ~~which that~~ which that was implemented without municipal ratification is no longer effective ~~and on July 31.~~ Any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended with municipal ratification.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 25. Minnesota Statutes 2022, section 424A.093, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after the board of trustees has had an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association.

(b) If the special fund of a relief association to which this section applies ~~does not have a surplus over~~ has a deficit from full funding under subdivision 4, ~~and or~~ and or if the municipality ~~is required to provide financial support to the special fund~~ has a minimum obligation under this section ~~subdivision 5, the board of trustees of the relief association may adopt an any~~ subdivision 5, the board of trustees of the relief association may adopt an any amendment to the articles of incorporation or bylaws adopted by the board of trustees that increases the coverage, service pensions, or retirement benefits provided by the relief association. ~~The amendment~~ is not effective until it is ratified by the governing body of the affiliated municipality or independent nonprofit firefighting corporation, as applicable. The governing body may ratify ~~such~~ the amendment only if the relief association has delivered to the governing body the actuarial valuation or estimate described in paragraph (a), certified by an officer of the relief association.

(c) If the special fund of a relief association to which this section applies is fully funded or has a surplus over full funding under subdivision 4, and if the municipality is does not required to provide financial support to the special fund have a minimum obligation under this section subdivision 5, the relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association. The amendment is effective:

- (1) if the municipality ratifies the amendment; or
- (2) without municipal ratification if the amendment satisfies paragraph (d).

(d) An amendment satisfies this paragraph if the actuarial valuation or estimate described in paragraph (a) demonstrates that the amendment will not cause:

(1) the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the surplus over full funding reported in the prior year; ~~and~~

(2) ~~the financial requirements of the special fund to exceed the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association.~~ an increase in the minimum obligation of the municipality for the upcoming calendar year; and

(3) the special fund of the relief association to have a deficit from full funding under subdivision 4 on the day immediately following the adoption of the amendment.

(e) If a relief association amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision; and, subsequent to the amendment, the ~~financial requirements of the special fund of the relief association under this section are such so as to require financial support from~~ minimum obligation of the municipality increases under this section, the provision ~~which that~~ which that was implemented without municipal ratification is no longer effective ~~and~~ on July 31. Any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended with municipal ratification.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 26. Minnesota Statutes 2022, section 424A.094, subdivision 1, is amended to read:

Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit corporations.** (a) This section applies to any independent nonprofit firefighting corporation incorporated or organized under chapter 317A ~~which that~~: (1) operates exclusively for firefighting purposes; (2) ~~which~~ is composed of volunteer firefighters, paid on-call firefighters, or both volunteer firefighters and paid on-call firefighters; and (3) ~~which~~ has a duly established separate subsidiary incorporated firefighters relief association ~~which that~~ which that provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and ~~which that~~ is subject to the applicable provisions of chapter 424A.

(b) Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation must be included in the distribution of fire state aid to the

appropriate county auditor by the state auditor only if the independent nonprofit firefighting corporation complies with the provisions of this section.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 27. Minnesota Statutes 2022, section 424A.095, subdivision 2, is amended to read:

Subd. 2. **Investment report.** (a) Annually, the state auditor must provide an investment report to each relief association that has complied with the reporting requirements under section 356.219, subdivisions 1 and 3. The investment report must contain the following information:

(1) the relief association's average annual rates of return for at least the previous one-, three-, five-, ten-, 15-, and 20-year periods for which the state auditor has investment information;

(2) the relief association's asset allocation;

(3) the average annual one-year and ten-year benchmark rates of return;

(4) the average annual one-year and ten-year rates of return for the statewide volunteer firefighter plan;

(5) the one-year and ten-year average annual rates of return for the State Board of Investment supplemental investment fund; and

(6) a graphical comparison between:

(i) the relief association's average annual rates of return for the previous year and for the previous multiyear periods provided under clause (1); and

(ii) the average annual rates of return for the same periods for the supplemental investment fund's balanced fund or any successor fund.

(b) The state auditor shall select the benchmark rates of return based on the best practice in the industry.

(c) An officer of the relief association's board of trustees must certify to the state auditor that the board reviewed the investment report. The certification must accompany the audited financial statements or detailed financial statement under section 424A.014, subdivision 1 or 2, whichever applies. A copy of the report must be kept on file by the relief association and must be available for inspection by any member of the public.

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

Sec. 28. Minnesota Statutes 2022, section 424A.10, is amended to read:

424A.10 STATE SUPPLEMENTAL BENEFIT; ~~VOLUNTEER~~ FIREFIGHTERS.

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means a ~~volunteer~~ firefighter who receives a lump-sum distribution of pension or retirement benefits from a ~~volunteer~~ firefighters relief association or from the statewide volunteer firefighter plan; and

(2) "survivor of a deceased active or deferred ~~volunteer~~ firefighter" means the surviving spouse of a deceased active or deferred ~~volunteer~~ firefighter or, if none, the surviving child or children of a deceased active or deferred ~~volunteer~~ firefighter, or, if none, the designated beneficiary of the deceased active or deferred ~~volunteer~~ firefighter, or, if no beneficiary has been designated, the estate of the deceased active or deferred ~~volunteer~~ firefighter;

~~(3) "active volunteer firefighter" means a person who:~~

~~(i) regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a fire department;~~

~~(ii) has met the statutory and other requirements for relief association membership; and~~

~~(iii) is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the statewide volunteer firefighter plan for at least one month;~~

~~(4) "deferred volunteer firefighter" means a former active volunteer firefighter who:~~

~~(i) terminated active firefighting service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities; and~~

~~(ii) has sufficient service credit from the applicable relief association or from the statewide volunteer firefighter plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension; and~~

~~(5) "volunteer firefighter" includes an individual whose services were utilized to perform or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and individuals whose services were used to perform emergency medical response duties or supervise emergency medical response activities if authorized under section 424A.01, subdivision 5a.~~

Subd. 2. Payment of supplemental benefit. (a) Upon the payment by a ~~volunteer~~ firefighters relief association or by the statewide volunteer firefighter plan of a lump-sum distribution to a qualified recipient, the association or retirement plan, as applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the statewide volunteer firefighter plan must pay the supplemental benefit out of the statewide volunteer firefighter plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a ~~volunteer~~ firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased ~~active or deferred volunteer~~ firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased ~~active volunteer firefighter or of a deceased deferred volunteer~~

firefighter, the association or retirement plan, as applicable, must pay a supplemental survivor benefit to the survivor of the deceased ~~active or deferred volunteer~~ firefighter from the special fund of the relief association and the retirement plan must pay a supplemental survivor benefit to the survivor of the deceased ~~active or deferred volunteer~~ firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) For purposes of this section, the term "regular lump-sum distribution" means the pretax lump-sum distribution excluding any interest that may have been credited during a ~~volunteer~~ firefighter's period of deferral.

(d) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum ~~volunteer~~ firefighter benefit.

(e) If a qualified recipient receives more than one lump-sum distribution, the qualified recipient is eligible to receive a supplemental benefit or supplemental survivor benefit, whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate limit.

(f) Qualified recipients who elect to receive their lump-sum distribution in installments under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive one supplemental benefit calculated on the total lump-sum distribution amount under paragraph (a) or (b), as applicable.

Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year, the ~~volunteer~~ firefighters relief association or the statewide volunteer firefighter plan shall apply to the commissioner of revenue by February 15. By March 15, the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid by the relief association to qualified recipients and to survivors of deceased ~~active or deferred volunteer~~ firefighters.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The commissioner of revenue shall reimburse the relief association by paying the reimbursement amount to the treasurer of the municipality where the association is located and shall reimburse the retirement plan by paying the reimbursement amount to the executive director of the Public Employees Retirement Association. Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer of the association if the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the reimbursement payment to the association until the complete financial report is filed. If the association has dissolved or has been removed as a trustee of state aid, the treasurer shall deposit the money in a special account in the municipal treasury, and the money may be disbursed only for the purposes and in the manner provided in section 424A.08. When paid to the association, the reimbursement payment must be deposited in the special fund of the relief association and when paid to the retirement plan, the reimbursement payment must be deposited in the retirement fund of the plan.

(c) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided by this section is in lieu of the state income tax exclusion for lump-sum distributions of retirement benefits paid to ~~volunteer~~ firefighters.

(b) If the law is modified to exclude or exempt ~~volunteer~~ firefighters' lump-sum distributions from state income taxation, the supplemental benefits under this section are no longer payable, beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump-sum distribution under section 290.032 or 290.0802.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 29. Minnesota Statutes 2022, section 424B.22, subdivision 2, is amended to read:

Subd. 2. **Involuntary dissolution and termination.** (a) A relief association is dissolved and the retirement plan administered by the relief association is terminated automatically if:

(1) the fire department affiliated with a relief association is dissolved by action of the governing body of the municipality in which the fire department is located or by the governing body of the independent nonprofit firefighting corporation, whichever applies; or

(2) the fire department affiliated with a relief association has terminated the employment or services of all active members of the relief association.

(b) An involuntary termination of a relief association under this subdivision is effective on the December 31 that is at least eight months after the date on which the fire department is dissolved or the termination of employment or services of all active members of the relief association occurs. The board of trustees must comply with subdivisions 3 and 5 to 12. The board of trustees may comply with subdivision 4. The state auditor has the discretion to waive these requirements if the board of trustees requests a waiver in advance and provides adequate demonstration that meeting these requirements is not practicable.

(c) The retirement plan administered by a relief association is terminated automatically if the relief association is dissolved, effective on the date of the dissolution of the relief association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 30. Minnesota Statutes 2022, section 424B.22, subdivision 10, is amended to read:

Subd. 10. **Supplemental benefits.** Within 60 days after the distribution of benefits under subdivision 8, the municipality or firefighting corporation with which the fire department is affiliated shall pay supplemental benefits under section 424A.10 to each participant and survivor who satisfies the requirements of section 424A.10, subdivision 2~~7~~. A supplemental benefit is payable to each participant who receives a retirement benefit if the participant is at least age 50. A supplemental benefit is payable to each participant or survivor who receives, respectively, a disability benefit or survivor benefit without regard to any minimum age requirement. The commissioner of revenue shall reimburse the municipality or ~~independent nonprofit~~ firefighting corporation for all supplemental benefits paid as provided in section 424A.10, subdivision 3.

EFFECTIVE DATE. This section is effective for supplemental benefits reimbursed in calendar year 2025 and thereafter.

Sec. 31. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall change the terms "volunteer firefighters relief association," "volunteer firefighter relief association," "volunteer firefighters' relief association," and "volunteer fire relief association" to "firefighters relief association" wherever the terms appear. The revisor shall make any necessary grammatical changes or changes to sentence structure necessary to preserve the meaning of the text as a result of the changes.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 32. **REPEALER.**

Minnesota Statutes 2022, section 424A.01, subdivision 5a, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 3

STATEWIDE VOLUNTEER FIREFIGHTER PLAN; ADDING A DEFINED CONTRIBUTION PLAN

Section 1. Minnesota Statutes 2022, section 352.1155, subdivision 3, is amended to read:

Subd. 3. **Service credit prohibition.** Notwithstanding any law to the contrary, a person eligible under this section may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a ~~volunteer fire plan~~ firefighter relief association governed by chapter 424A or the statewide volunteer firefighter plan governed by chapter 353G. No employer or employee contribution to any of these plans may be made on behalf of such a person.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 2a. **Association.** "Association" means the Public Employees Retirement Association established under chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4a. **Defined contribution fund.** "Defined contribution fund" means that portion of the fund consisting of the assets attributable to the defined contribution plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4b. **Defined contribution plan.** "Defined contribution plan" means the plan that is one of the two plans that comprise the statewide volunteer firefighter plan. The defined contribution plan provides each member with a retirement benefit equal to the member's individual account balance, to which state aid, contributions, forfeitures, and investment earnings and losses have been credited.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4c. **Defined benefit fund.** "Defined benefit fund" means that portion of the fund consisting of the assets attributable to the defined benefit plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4d. **Defined benefit plan.** "Defined benefit plan" means the plan that is one of the two plans that comprise the statewide volunteer firefighter plan. The defined benefit plan provides each member with a retirement benefit that is either a lump sum or a monthly pension in an amount determined by using a formula that takes into account years of service, vesting percentage, and the benefit level for the member's fire department. The defined benefit plan consists of the lump-sum division and the monthly division.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 5a. **Fire department account.** "Fire department account" means the account in the name of each participating employer to which is credited the assets and, in the case of a participating employer in the defined benefit plan, the liabilities related to the retirement benefits for members who are or were providing service to the participating employer.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 5b. **Firefighting corporation.** "Firefighting corporation" means an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 5c. **Forfeiture.** "Forfeiture" means the portion of an account or pension benefit that is forfeited when a volunteer firefighter ends service before becoming 100 percent vested in the account or pension benefit.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 6b. **Individual account.** "Individual account" means the account in a fire department account in the defined contribution plan established for a member under section 353G.082 to which allocations are credited and from which deductions are taken under section 353G.082.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 7b, is amended to read:

Subd. 7b. **Lump-sum division.** "Lump-sum division" means the division of the defined benefit plan governed by section 353G.11.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 8b, is amended to read:

Subd. 8b. **Monthly benefit division.** "Monthly benefit division" means the division of the defined benefit plan governed by section 353G.112.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 353G.01, subdivision 9, is amended to read:

Subd. 9. **Municipality.** "Municipality" means ~~a governmental entity specified in section 477B.01, subdivision 10;~~ a city or township that has established a fire department, a city or township that has entered into a contract with an independent nonprofit fire fighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59 that has established or operates a fire department.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 353G.01, subdivision 9a, is amended to read:

Subd. 9a. **Relief association.** "Relief association" means a ~~volunteer firefighter relief association established as defined under chapter 424A, including a volunteer firefighter relief association to which records, assets, and liabilities related to lump-sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17~~ 424A.001, subdivision 4.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 9b. **Normal retirement age.** "Normal retirement age" means age 50.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 9c. **Participating employer.** "Participating employer" means the municipality or firefighting corporation that has joined the retirement plan and is associated with a fire department with volunteer firefighters who are covered by the retirement plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 353G.01, subdivision 11, is amended to read:

Subd. 11. **Retirement fund.** "Retirement fund" means the statewide volunteer firefighter fund established under section 353G.02, subdivision 3, consisting of the defined contribution fund and the defined benefit fund.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 18. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 12, is amended to read:

Subd. 12. **Retirement plan.** "Retirement plan" or "plan" means the ~~retirement~~ statewide volunteer firefighter plan, ~~either the lump-sum division or the monthly benefit division~~ consisting of the defined contribution plan and the defined benefit plan, established by this chapter.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 19. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 12a, is amended to read:

Subd. 12a. **Service credit.** "Service credit" means the period of service rendered by a volunteer firefighter that is certified under section 353G.07 by the fire chief of the fire department in which the volunteer firefighter serves. ~~A volunteer firefighter's service credit equals all periods of service with any fire department covered by the plan.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 20. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 14a, is amended to read:

Subd. 14a. **Vesting service credit.** "Vesting service credit" means service credit plus any earlier period of service rendered as a volunteer firefighter, as defined in subdivision 15, in another fire department covered by the plan or in a fire department in the state that was not covered by the plan at the time the service was rendered. ~~The earlier period of service must be certified by the fire chief of the fire department covered by the plan in a manner similar to the requirements of section 353G.07. The volunteer firefighter must provide documentation in a form acceptable to the executive director regarding the earlier period of service.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 21. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 15, is amended to read:

Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is ~~an active~~ a member of the fire department of a municipality or ~~an independent nonprofit~~ a firefighting corporation and who, in that capacity, on either a volunteer or on-call basis, engages in:

(1) fire suppression or prevention activities; provides;

(2) emergency response services;

(3) emergency medical response activities; or delivers

(4) fire education or prevention services on an on-call basis supervises personnel engaged in any of the foregoing.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 22. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 1, is amended to read:

Subdivision 1. **Retirement plan.** The statewide volunteer firefighter plan, consisting of a ~~lump-sum division~~ defined contribution plan and a ~~monthly benefit division~~ defined benefit plan, is ~~created~~ established.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 23. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 3, is amended to read:

Subd. 3. **Retirement fund.** (a) The statewide volunteer firefighter fund, ~~consisting of a lump-sum account and a monthly benefit account,~~ is ~~created~~ established. The retirement fund contains the assets attributable to the ~~statewide volunteer firefighter~~ defined contribution plan and the defined benefit plan.

(b) The State Board of Investment shall invest those portions of the retirement fund not required for immediate purposes in the ~~statewide lump-sum volunteer firefighter plan~~ in the statewide volunteer firefighter account of the Minnesota supplemental investment fund under section 11A.17.

(c) The commissioner of management and budget is the ex officio treasurer of the ~~statewide volunteer firefighter~~ retirement fund. The commissioner of management and budget's general bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

(d) The revenues of the plan beyond investment returns are governed by section 353G.08 and must be deposited in the fund. The disbursements of the plan are governed by section 353G.08. The commissioner of management and budget shall transmit a detailed statement showing all credits to and disbursements from the retirement fund to the executive director monthly.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 24. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 4, is amended to read:

Subd. 4. **Periodic audit; biennial actuarial valuation; biennial funding report.** (a) The legislative auditor shall periodically audit the ~~statewide volunteer firefighter~~ retirement fund.

(b) ~~The executive director must retain an approved actuary under section 356.214 to perform biennial actuarial valuation valuations of each fire department account in the lump-sum monthly division of the statewide volunteer firefighter plan may be performed periodically as determined to be appropriate or useful by the board. An actuarial valuation of the monthly benefit division of the statewide volunteer firefighter plan must be performed as frequently as required by government sector generally accepted accounting standards. An~~ The actuarial valuation must be performed by the approved actuary retained under section 356.214 and must conform with section 356.215 and the standards for actuarial work. An The actuarial valuation must contain sufficient detail for each participating ~~employing entity~~ employer to ascertain the actuarial condition of its account in the retirement fund and the amount of its required contribution requirement towards its to the account.

(c) The executive director must perform biennial funding assessments of each fire department account in the lump-sum division. The assessment must comply with section 353G.08, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 25. Minnesota Statutes 2023 Supplement, section 353G.03, subdivision 3, is amended to read:

Subd. 3. **Composition.** (a) The advisory board consists of ten members.

(b) The advisory board members are:

(1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;

(2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;

(4) two representatives of Minnesota volunteer firefighters, ~~all~~ who are active volunteer firefighters, one of whom is covered by the lump-sum division and one of whom is covered by the monthly ~~benefit~~ division, appointed by the Minnesota State Fire Chiefs Association;

(5) three representatives of Minnesota volunteer firefighters ~~who are~~, at least one of whom is covered by the lump-sum division of the defined benefit plan and at least one of whom is covered by the defined contribution plan, appointed by the Minnesota State Fire Departments Association; and

(6) one representative of the Office of the State Auditor, designated by the state auditor.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 26. Minnesota Statutes 2022, section 353G.05, as amended by Laws 2023, chapter 47, article 10, section 9, is amended to read:

353G.05 PLAN COVERAGE ELECTION.

Subdivision 1. **Entities eligible to request coverage.** ~~(a) A relief association or a municipality, or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum division, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a lump-sum defined benefit relief association or a defined contribution relief association governed by chapter 424A retirement plan.~~

~~(b) A relief association or a municipality or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum division or the monthly benefit division of the retirement plan, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a monthly benefit defined benefit relief association governed by chapter 424A.~~

~~(c) A municipality or independent nonprofit firefighting corporation that is not affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum division of the plan.~~

Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to make a request for coverage may initiate the process of obtaining coverage by filing a request with the executive director, as described in this subdivision.

(b) The request for coverage must be in writing and on a form prescribed by the executive director.

(c) If the request for coverage is for volunteer firefighters covered by a relief association retirement plan, the secretary of the relief association, following approval of the request by the board of trustees of the relief association, and the chief administrative officer of the entity affiliated with the relief association, following approval of the request by the governing body of the entity, must jointly make the request. If the relief association is affiliated with more than one entity, the chief administrative officer of each affiliated entity must execute the request.

(d) If the request for coverage is for volunteer firefighters who are not covered by a relief association retirement plan, the chief administrative officer of the entity operating the fire department must make the request.

Subd. 1b. **Selection of plan and division.** (a) In the request for coverage, the entity must select coverage by either the defined benefit plan or the defined contribution plan.

(b) If the entity selects coverage by the defined benefit plan, the entity must select coverage by either the lump-sum division or the monthly division, except that the entity may select coverage by the monthly division only if the relief association with which the entity is affiliated is a defined benefit relief association, as defined under section 424A.001, subdivision 1b, that provides a monthly pension.

(c) If the entity selects coverage by the defined contribution plan and the relief association with which the entity is affiliated is a defined benefit relief association, as defined under section 424A.001,

subdivision 1b, the defined benefit relief association must complete a conversion under section 353G.19 as part of the process of joining the retirement plan.

Subd. 1c. Selection of vesting schedule. ~~(e)~~ In the request for coverage, the entity must ~~identify the desired service pension amount and~~ select a vesting schedule from the following options:

(1) incremental vesting beginning with 40 percent vested after completing five years of ~~active~~ service and increasing by four percent upon completion of each additional year of ~~active~~ service, until 100 percent vested upon completion of 20 years of ~~active~~ service;

(2) incremental vesting beginning with 40 percent vested after completing five years of ~~active~~ service and increasing by 12 percent upon completion of each additional year of ~~active~~ service, until 100 percent vested upon completion of ten years of ~~active~~ service; or

(3) incremental vesting beginning with 40 percent vested after completing ten years of ~~active~~ service and increasing by six percent upon completion of each additional year of ~~active~~ service, until 100 percent vested upon completion of 20 years of ~~active~~ service.

The entity must not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the former affiliated relief association, if any.

~~(d) If the request for coverage is for volunteer firefighters covered by a monthly benefit defined benefit relief association, the entity making the request must elect coverage either by the monthly benefit division or by the lump-sum division.~~

~~(e) If the request for coverage is for volunteer firefighters covered by a relief association that provides both a monthly benefit and a lump-sum benefit, the entity making the request must elect coverage by the monthly benefit division, the lump-sum division, or by both divisions.~~

~~(f) If the request for coverage is for volunteer firefighters covered by a relief association with a plan governed by chapter 424A, the secretary of the relief association, following approval of the request by the board of the relief association, and the chief administrative officer of the entity affiliated with the relief association, following approval of the request by the governing body of the entity, must jointly make the request. If the relief association is affiliated with more than one entity, the chief administrative officer of each affiliated entity must execute the request.~~

~~(g) If the request for coverage is for volunteer firefighters who are not covered by a relief association, the chief administrative officer of the entity operating the fire department must make the request.~~

Subd. 1d. Selection of benefit level. (a) If the request for coverage is for coverage by the defined benefit plan, the entity making the request must identify the desired benefit level.

(b) If the request for coverage is for the lump-sum division of the defined benefit plan, the benefit level identified must be no less than \$500 per full year of service credit and no more than the maximum amount permitted under section 424A.02, subdivision 3, per full year of service credit. Benefit levels between the minimum and maximum must be in \$100 increments.

(c) If the request for coverage is for the monthly division of the defined benefit plan, the benefit level is the amount specified in the retirement benefit plan document applicable to the fire department.

Subd. 2. Cost analysis for coverage by the ~~lump-sum~~ lump-sum division of the defined benefit plan. (a) Upon receipt of a request for coverage by the ~~lump-sum division~~ defined benefit plan, the executive director must prepare a cost analysis as described in this subdivision and deliver the cost analysis to the board of trustees of the relief association, if one exists, and the governing body.

(b) The cost analysis under this subdivision must be based on:

(1) the ~~service pension amount~~ benefit level under section 353G.11 closest to the ~~service pension amount~~ benefit level provided by the relief association if the relief association is a lump-sum defined benefit plan, an amount that is equal to 95 percent of the most current average account balance per relief association member if the relief association is a defined contribution plan, or the lowest ~~service pension amount~~ benefit level under section 353G.11 if there is no relief association, rounded up; and

(2) if different than the amount under clause (1), the ~~service pension amount~~ benefit level identified in the request under subdivision ~~1a~~ 1d.

(c) The cost analysis must take into account the vesting option selected in the request under subdivision ~~1a~~ 1c.

(d) The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(e) If the request for coverage was made by a relief association that has filed the information required under section 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

Subd. 3. Cost analysis for coverage by the monthly ~~benefit~~ benefit division of the defined benefit plan. (a) Upon receipt of a request for coverage by the monthly ~~benefit~~ benefit division, the executive director must prepare a cost analysis as described in this subdivision and deliver the cost analysis to the board of trustees of the relief association, if one exists, and the governing body.

(b) The cost analysis under this subdivision must be prepared by the approved actuary retained by the Public Employees Retirement Association. The cost analysis must be based on:

(1) the monthly ~~service pension amount~~ benefit level and other retirement benefit types and amounts in effect for the relief association as of the date of the request;

(2) if different than the amount under clause (1), the monthly pension amount identified in the request under subdivision ~~4a~~ 1d and evaluated in a special actuarial valuation prepared under sections 356.215 and 356.216; and

(3) the standards for actuarial work and the actuarial assumptions utilized in the most recent actuarial valuation, except that the applicable investment return actuarial assumption is six percent.

(c) The cost analysis must take into account the vesting option selected in the request under subdivision ~~4a~~ 1c.

(d) The secretary of the relief association making the request must supply the demographic and financial data necessary for the cost analysis to be prepared.

Subd. 4. Invested assets review. ~~If a cost analysis is requested under subdivision 2 or 3,~~ The executive director of the State Board of Investment shall review the investment portfolio of the relief association retirement plan, if applicable one exists, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under subdivision 5, the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

Subd. 5. Finalization; coverage transfer. (a) The transfer of coverage to the defined contribution plan is considered approved if, no later than 120 days after the filing of the request for coverage with the executive director shall deliver the cost analysis requested under subdivision 2 or 3 to, the transfer is approved by both (1) the board of trustees of the relief association, if one exists, and (2) the governing body. If either the governing body or the board of trustees of the relief association does not take action to approve the transfer within 120 days after the filing of the request for coverage, the transfer is not approved.

(b) The transfer of coverage to the defined benefit plan is considered approved if, ~~within no later than 120 days of~~ after receipt of the cost analysis, the transfer is approved by both (1) the board of trustees of the relief association, if one exists, and (2) the governing body. If either the governing body or the board of trustees of the relief association does not take action to approve the transfer within 120 days ~~of~~ after receipt of the cost analysis, the transfer is not approved.

(c) If the transfer is approved, coverage by the plan is effective on the January 1 next following the date of approval by the last governing body or, if later, the date of approval by the board of trustees of the relief association.

Subd. 6. Joint powers entities. If transfer of coverage to the plan is being requested for volunteer firefighters that provide services to a fire department operated as or by a joint powers entity, whenever an election or approval by or delivery to the governing body of a municipality is required under this section, all municipalities that executed the joint powers agreement must execute the election or

approval or receive delivery, unless the joint powers agreement specifies another process be followed in order for the action of a joint powers entity to be effective.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 27. Minnesota Statutes 2023 Supplement, section 353G.07, is amended to read:

353G.07 CERTIFICATION OF SERVICE CREDIT FOR PENSION BENEFIT ACCRUAL OR CONTRIBUTION ALLOCATION.

(a) Annually, by March 31, the fire chief of ~~the~~ a fire department with volunteer firefighters who are active members of ~~either the lump-sum division or the monthly benefit division shall~~ retirement plan must certify to the executive director the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The fire chief shall provide to each firefighter rendering active service with the fire department notification of the amount of service credit rendered by the firefighter for the calendar year. The service credit notification must be provided to the firefighter 60 days before its certification to the executive director ~~of the Public Employees Retirement Association~~, along with an ~~indication~~ explanation of the process for the firefighter to challenge the fire chief's determination of service credit. If the service credit amount is challenged in a timely fashion, the fire chief shall hold a hearing on the challenge, accept and consider any additional pertinent information, and make a final determination of service credit. The final determination of service credit by the fire chief is not reviewable by the executive director ~~of the Public Employees Retirement Association~~ or by the board of trustees ~~of the Public Employees Retirement Association~~.

(c) The service credit certification is an official public document. If a false service credit certification is filed or if false information regarding service credits is provided, section 353.19 applies.

(d) The service credit certification must be expressed as a percentage of a full year of service during which an active firefighter rendered at least the minimum level and quantity of fire suppression, emergency response, fire prevention, or fire education duties required by the fire department under the rules and regulations applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a firefighter covered by the retirement plan leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the person must be certified as providing a full year of service credit in each year of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and cancel at the end of the calendar year in which the federal law time limit occurs.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 28. **[353G.075] SERVICE CREDIT FOR VESTING.**

(a) Annually, the executive director must credit each volunteer firefighter with a year of service credit for vesting for each year of service credited for benefit accrual or contribution allocation under section 353G.07.

(b) A volunteer firefighter is entitled to receive service credit toward vesting in the retirement plan for any period of service as a volunteer firefighter, as defined under section 353G.01, subdivision 15, rendered as a firefighter in a fire department in the state that was not covered by the retirement plan at the time the service was rendered if the firefighter submits a request to the executive director indicating the number of years and months of service for which credit is requested and provides documentation in a form acceptable to the executive director regarding the earlier period of service. The firefighter must submit a copy of the request and documentation to the fire chief of the fire department to which the firefighter is currently providing service.

(c) The executive director must credit a firefighter with all years of service as a member of the retirement plan for any participating employer for vesting purposes.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 29. Minnesota Statutes 2023 Supplement, section 353G.08, subdivision 1, is amended to read:

Subdivision 1. **Annual Biennial funding requirements reports; lump-sum division.** (a) ~~Annually,~~ The executive director ~~shall~~ must determine the funding requirements ~~of for each fire department account in the lump-sum division of the statewide volunteer firefighter plan~~ on or before August 1 every other year. The funding requirements computed under this subdivision must be determined using a mathematical procedure developed and certified as accurate by the approved actuary retained by the ~~Public Employees Retirement~~ association and must be based on present value factors using a six percent investment return rate, without any decrement assumptions. ~~The funding requirements executive director must be certified~~ provide written notice of the funding requirements to the entity or entities associated with the fire department whose active firefighters are covered by the plan.

(b) The overall funding balance of each ~~lump-sum~~ fire department account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the ~~account~~ fire department as of December 31 of the current year must be calculated based on the service credit of active and deferred members as of that date.

(2) The ~~total-present~~ assets of the fire department account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. ~~To the extent possible,~~ The market ~~executive director must begin phasing in the use of actuarial value of assets must be utilized~~ executive director must begin phasing in the use of actuarial value of assets in making this calculation beginning with the funding reports for 2026.

(3) The amount of the ~~total-present~~ assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of ~~total-present~~ the assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the ~~total-present~~ assets is less than the amount of the

total accrued liability, then the account is considered to have a deficit from full funding. If the amount of ~~total present~~ assets is equal to the amount of the total accrued liability, then the ~~special fund account~~ is considered to be fully funded.

(c) The financial requirements of each ~~lump-sum account~~ fire department for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the ~~account~~ fire department as of December 31 of the calendar year next following the current calendar year must be calculated based on the service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of administrative expenses of the account must be calculated by multiplying the per-person dollar amount of the administrative expenses for the most recent prior calendar year by the number of active and deferred firefighters reported to ~~PERA~~ the association on the most recent service credit certification form for ~~each~~ the account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum division is the annual financial requirements of the ~~lump-sum~~ fire department account ~~of the plan~~ under paragraph (c) reduced by the amount of any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of ~~interest~~ investment earnings on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid ~~actually~~ received in the prior year multiplied by the factor 1.035.

(e) The financial requirement for each fire department account in the lump-sum division for the second year of the biennial valuation period must be in the amount determined in paragraph (d) increased by six percent, but no more than the excess, if any, of the amount determined under paragraph (c), clause (1), less the actual market value of assets in the fire department account as of that date.

(e) (f) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 30. Minnesota Statutes 2022, section 353G.08, subdivision 2, is amended to read:

Subd. 2. **Cash flow funding requirement.** If the executive director determines that a fire department account in the lump-sum retirement division or a the monthly benefit retirement account in the statewide volunteer firefighter plan division has insufficient assets to meet the service pensions expected to be payable from the account over the succeeding two years, the executive director shall certify the amount of the potential service pension shortfall to the ~~municipality or municipalities and the municipality or municipalities shall~~ participating employer, which must make an additional employer contribution to the account within ten days of the certification. If more than one ~~municipality participating employer~~ is associated with the account, unless the ~~municipalities participating employers~~ agree to and implement a different allocation, the ~~municipalities shall participating employers must~~ allocate the additional employer contribution one-half in proportion to the population of each ~~municipality participating employer~~ and one-half in proportion to the estimated market value of the property of each ~~municipality participating employer~~.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 31. [353G.082] FUNDING OF FIRE DEPARTMENT ACCOUNTS AND ANNUAL ALLOCATION TO INDIVIDUAL ACCOUNTS IN THE DEFINED CONTRIBUTION PLAN.

Subdivision 1. Fire department accounts and individual accounts established. (a) The executive director must establish a fire department account for each participating employer in the defined contribution plan that consists of individual accounts for the volunteer firefighters providing firefighting services to the participating employer.

(b) The executive director must establish an individual account within each fire department account for each volunteer firefighter covered by the defined contribution plan, to which the executive director must credit an allocation of state aid, contributions, forfeitures, and investment earnings and from which the executive director must deduct investment losses and administrative expenses.

Subd. 2. State aid and contributions by the participating employer. Notwithstanding any law to the contrary, the executive director must deposit in each fire department account in the defined contribution plan for allocation to individual accounts under subdivision 3:

(1) any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 on behalf of the participating employer with which the fire department is associated; and

(2) any contributions from the participating employer with which the fire department is associated.

Subd. 3. **Annual allocation and deduction in equal shares.** (a) As of the end of each calendar year, the executive director must credit to the individual account of each firefighter providing services to a fire department and who did not leave firefighting service with the fire department during the calendar year an equal share of:

(1) any fire state aid payable under chapter 477B and police and firefighter retirement supplemental state aid payable under section 423A.022 received by the retirement fund that is attributable to the participating employer associated with the fire department as soon as practicable after the aid is received by the retirement fund;

(2) any contributions made by the participating employer to the retirement fund for the benefit of the volunteer firefighters providing firefighting services to the participating employer as soon as practicable after the contribution is received by the retirement fund; and

(3) any forfeiture under section 353G.10, subdivision 4, attributable to a former volunteer firefighter of the fire department.

(b) As of the end of each calendar year, the executive director must deduct an equal share of administrative expenses from each individual account.

(c) As of the end of the calendar year, the executive director must allocate to the individual account of a volunteer firefighter who has less than a full year of service a fractional share of the amount that would have been allocated to the individual account for a full year of service. The fractional amount is equal to the number of months of service divided by twelve. A month will be credited if the volunteer firefighter was credited with at least 16 days of service.

Subd. 4. **Investment earnings and losses.** As of the end of each calendar year or more frequently, if determined necessary by the executive director to make distributions or for other purposes, the executive director must:

(1) credit investment earnings on the assets of each fire department account to each individual account in proportion to the share of the assets of the fire department account credited to the individual account; and

(2) deduct investment losses on the assets of each fire department account from each individual account in proportion to the share of the assets of the fire department account credited to the individual account.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 32. **[353G.085] AUTHORIZED DISBURSEMENTS.**

The assets of the retirement fund may be disbursed only as a distribution of lump-sum retirement benefits, monthly retirement benefits, or individual accounts or for:

(1) administrative expenses of the retirement plan;

(2) investment expenses of the retirement fund;

(3) survivor benefits; and

(4) a transfer of assets under section 353G.17.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 33. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 1, is amended to read:

Subdivision 1. **Entitlement.** (a) A member ~~with at least one year of service credit with a fire department with active firefighters that are covered by the plan~~ is entitled to a retirement benefit as defined in subdivision 1a from the fire department's account in the plan if the member:

- (1) has separated from ~~active~~ service with the fire department for at least 30 days;
- (2) has attained the normal retirement age of at least 50 years;
- (3) has satisfied the minimum service requirement in paragraph (b) or (c), as applicable; and
- (4) applies in a manner prescribed by the executive director.

(b) If the member is a member of the lump-sum division or the defined contribution plan, the member satisfies the minimum service requirement if the member is at least 40 percent vested as determined under subdivision 2.

(c) If the member is a member of the monthly ~~benefit~~ division, the member satisfies the minimum service requirement if the member has completed at least the minimum number of years of service specified in the retirement benefit plan document applicable to the member.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 34. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 1a, is amended to read:

Subd. 1a. **Retirement benefit.** (a) A volunteer firefighter who is entitled to a ~~service pension retirement benefit~~ under subdivision 1 must receive a retirement benefit under ~~subdivision 1, paragraph (a) or~~ (b), (c), or (d), as applicable.

(b) The retirement benefit of a member of the lump-sum division is equal to the number of years of service credit certified under section 353G.07 for the member, multiplied by the ~~service pension benefit level~~ applicable to the member under section 353G.11, multiplied by the member's vested percentage under subdivision 2.

(c) The retirement benefit of a member of the monthly ~~benefit~~ division is equal to the number of years of service credit certified under section 353G.07 for the member, multiplied by the ~~service pension benefit level~~ applicable to the member under section 353G.112, multiplied by the member's vested percentage under subdivision 2.

(d) The retirement benefit of a member of the defined contribution plan is equal to the balance in the member's account in the plan as of the end of the month after the month in which the executive director receives the application for a distribution of the retirement benefit multiplied by the member's vested percentage under subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 35. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 2, is amended to read:

Subd. 2. **Vested percentage.** A member of the plan has a nonforfeitable right to a retirement benefit, up to the percent vested. The member's vested percentage is determined under paragraph (a), (b), or (c), as applicable.

(a) If the member is a member of the lump-sum division and employed in a fire department that joined the plan before January 1, 2023, the member's vested percentage is equal to the percentage that corresponds to the number of years of vesting service credit, as follows:

Completed years of service credit	Vested percentage
less than 5	0 percent
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent

(b) If the member is a member of the lump-sum division or the defined contribution plan and employed in a fire department that ~~joined~~ joins the plan on or after January 1, 2023, the member's vested percentage is equal to the percentage determined by applying the vesting schedule selected in the request for coverage under section 353G.05, subdivision ~~4a~~ 1c, taking into account years of vesting service credit.

(c) If the member is a member of the monthly benefit division and has completed 20 years of service as a member of the plan, the member is 100 percent vested. If the member has completed less than 20 years of service as a member of the plan, the member's vested percentage is equal to the percentage determined under the retirement benefit plan document applicable to the member.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 36. Minnesota Statutes 2023 Supplement, section 353G.10, is amended to read:

353G.10 ~~DEFERRED LEAVING FIREFIGHTING SERVICE PENSION AMOUNT BEFORE REACHING NORMAL RETIREMENT AGE.~~

Subdivision 1. **Entitlement to a retirement benefit, to the extent vested.** A person who was an active member of a fire department covered by either the lump-sum division or the monthly benefit division of the plan who has separated. If a volunteer firefighter separates from active firefighting service for at least before reaching normal retirement age, the volunteer firefighter is entitled to a distribution of the volunteer firefighter's retirement benefit under section 353G.09, subdivision 1a, as follows:

(1) if the volunteer firefighter is covered by the defined contribution plan, the volunteer firefighter is entitled to a distribution of the retirement benefit as soon as practicable after the volunteer firefighter submits an application for a distribution;

(2) if the volunteer firefighter is covered by the lump-sum division of the defined benefit plan, the volunteer firefighter is entitled to a distribution of the volunteer firefighter's retirement benefit after the volunteer firefighter has reached age 50 and as soon as practicable after the volunteer firefighter submits an application for a distribution; and

(3) if the volunteer firefighter is covered by the monthly benefit division of the defined benefit plan, the volunteer firefighter is entitled to begin a distribution of the volunteer firefighter's retirement benefit after the volunteer firefighter has reached age 50 and as soon as practicable after the volunteer firefighter submits an application for a distribution.

Subd. 2. **Application.** No earlier than 30 days and who has completed at least five years of service credit, but has not attained the age of 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years and applying after leaving active firefighting service, a volunteer firefighter entitled to a distribution under subdivision 1 must submit an application to the executive director in a manner specified by the executive director for the service pension. The service pension payable is the nonforfeitable percentage of the service pension under section 353G.09, subdivision 2, and is payable.

Subd. 3. **Retirement benefit during period of deferral.** (a) A volunteer firefighter's account in the defined contribution plan must continue to be invested with the rest of the assets of the individual accounts in the volunteer firefighter's fire department account and, until the account is distributed, credited with investment earnings or reduced by investment losses under section 353G.082, subdivision 4, and a deduction taken for an equal share of the administrative expenses under section 353G.082, subdivision 3, paragraph (b), until the volunteer firefighter's account is distributed.

(b) A volunteer firefighter's retirement benefit in the defined benefit plan must be retained in the defined benefit plan without any interest on or increase in the service pension over during the period of deferral.

Subd. 4. **Forfeiture of accounts of volunteer firefighters who end service.** (a) The portion of an account or pension benefit that is not vested is forfeited as of the earliest of:

(1) the last day of the calendar year that includes the fifth anniversary of the date on which the volunteer firefighter ended service;

(2) immediately upon receiving a lump-sum payment of the entire vested portion of the account or pension benefit; or

(3) immediately upon receiving the final payment consisting of the entire amount remaining in the account or pension benefit that is vested.

(b) A volunteer firefighter with a zero percent vested interest in the account or pension benefit is deemed to have received a distribution on the last day of service, and the account or pension benefit must immediately be forfeited.

(c) Amounts forfeited remain forfeited and must not be reinstated upon the resumption of service with the fire department or any other fire department covered by the retirement plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 37. Minnesota Statutes 2023 Supplement, section 353G.11, subdivision 2, is amended to read:

Subd. 2. **Benefit level changes in the lump-sum division level selection of the defined benefit plan.** (a) A fire department's fire chief or the governing body operating a fire department may request an increase in the benefit level as provided in this subdivision.

(b) The fire chief or governing body must request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department may be requested by: (1) the fire chief of a department that has active membership covered by the lump-sum division; or (2) the governing body operating a fire department that has active membership covered by the lump-sum division.

(c) The executive director must prepare the cost estimate using a procedure certified as accurate by the approved actuary retained by the association.

(d) Within 120 days of the receipt of after receiving the cost estimate prepared by from the executive director using a procedure certified as accurate by the approved actuary retained by the Public Employees Retirement Association, the governing body may approve the service pension benefit level change, effective for January 1 of the following calendar year unless the governing body specifies in the approval document an effective date that is January 1 of the second year following the approval date. If the approval occurs after April 30, the required municipal contribution for the following calendar year must be recalculated and the results reported to the governing body. If not approved within 120 days of the receipt of the cost estimate, the service pension benefit level change is considered to have been disapproved.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 38. Minnesota Statutes 2023 Supplement, section 353G.11, is amended by adding a subdivision to read:

Subd. 2a. **Procedure for changing benefit level.** (a) The fire chief of a fire department that has an active membership that is covered by the monthly benefit retirement division of the plan may initiate the process of modifying the retirement benefit plan document under this section.

(b) The modification procedure is initiated when the applicable fire chief files with the executive director of the Public Employees Retirement Association a written summary of the desired benefit plan document modification, the proposed benefit plan document modification language, a written request for the preparation of an actuarial cost estimate for the proposed benefit plan document modification, and payment of the estimated cost of the actuarial cost estimate.

(c) Upon receipt of the modification request and related documents, the executive director shall review the language of the proposed benefit plan document modification and, if a clarification is needed in the submitted language, shall inform the fire chief of the necessary clarification. Once the proposed benefit plan document modification language has been clarified by the fire chief and resubmitted to the executive director, the executive director shall arrange for the approved actuary retained by the Public Employees Retirement Association to prepare a benefit plan document modification cost estimate under the applicable provisions of section 356.215 and of the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. Upon completion of the benefit plan document modification cost estimate, the executive director shall forward the estimate to the fire chief who requested it and to the chief financial officer of the municipality or entity with which the fire department is primarily associated.

(d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate with the active firefighters in the fire department and shall take reasonable steps to provide the estimate results to any affected retired members of the fire department and their beneficiaries. The chief financial officer of the municipality or entity associated with the fire department shall present the proposed modification language and the cost estimate to the governing body of the municipality or entity for its consideration at a public hearing held for that purpose.

(e) If the governing body of the municipality or entity approves the modification language, the chief administrative officer of the municipality or entity shall notify the executive director of the Public Employees Retirement Association of that approval. The benefit plan document modification is effective on the January 1 following the date of filing the approval with the Public Employees Retirement Association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 39. **[353G.114] ANCILLARY BENEFITS AND SUPPLEMENTAL BENEFITS.**

(a) Except as provided under paragraph (b) and sections 353G.115 and 353G.12, no disability, death, funeral, or other ancillary benefit beyond a retirement benefit is payable from the lump-sum division of the defined benefit plan or the defined contribution plan.

(b) Any member or survivor of a deceased member who receives a lump-sum distribution of the member's retirement benefit from the lump-sum division of the defined benefit plan or the defined contribution plan is entitled to a supplemental benefit under section 424A.10.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 40. Minnesota Statutes 2023 Supplement, section 353G.115, is amended to read:

353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR CASUALTY DISABILITY INSURANCE.

(a) Except as provided in paragraph (b) ~~or (e)~~, no disability benefit is payable from the statewide retirement plan.

~~(b) If the board approves the arrangement, disability coverage for the lump-sum division of the statewide plan members may be provided through a group disability insurance policy obtained from an insurance company licensed to do business in this state. The lump-sum retirement account of the statewide volunteer firefighter plan is authorized to pay the premium for the disability insurance authorized by this paragraph. The proportional amount of the total annual disability insurance premium must be added to the required contribution amount determined under section 353G.08.~~

~~(e) (b) The disability benefit coverage for a fire department in the monthly benefit division is the disability service pension amount specified in the retirement benefit plan document applicable to the fire department, applicable former volunteer firefighter relief association affiliated with the fire department and in effect as of the last day before the date on which retirement coverage transferred to the statewide volunteer firefighter retirement plan, subject to all conditions and limitations in the disability service pension specified therein.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 41. Minnesota Statutes 2023 Supplement, section 353G.12, subdivision 2, is amended to read:

Subd. 2. **Lump-sum plan division; survivor benefit amount.** The amount of the survivor benefit for the lump-sum division is the amount of the lump-sum service pension retirement benefit that would have been payable to the member of the lump-sum division on the date of death if the member had been age 50 or older on that date.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 42. Minnesota Statutes 2023 Supplement, section 353G.12, is amended by adding a subdivision to read:

Subd. 4. **Defined contribution plan; survivor benefit amount.** The amount of the survivor benefit for the defined contribution plan is the amount credited to the individual account of the deceased member on the date of death.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 43. Minnesota Statutes 2023 Supplement, section 353G.14, is amended to read:

353G.14 DISTRIBUTIONS FROM LUMP-SUM DIVISION.

Subdivision 1. **Lump sum.** ~~Unless a volunteer firefighter requests an annuity under subdivision 2, The executive director must distribute a~~ the retirement benefit under section 353G.09, subdivision 1a, of a member of the lump-sum service pension division of the defined benefit plan or the defined contribution plan in the form of a single lump-sum payment from the account of each fire department covered by the plan in which the volunteer firefighter earned a retirement benefit under section 353G.09.

Subd. 2. **Annuity Monthly payments.** ~~The executive director may purchase an annuity contract on behalf of a volunteer firefighter retiring from the lump-sum division of the plan with a total premium payment in an amount equal to the lump-sum service pension payable under section 353G.09 if the purchase was requested by the volunteer firefighter in a manner prescribed by the executive director. The annuity contract must be purchased from an insurance carrier that is licensed to do business in this state. If purchased, the annuity contract is in lieu of any service pension or other benefit from the lump-sum plan of the plan. The annuity contract may be purchased at any time after the volunteer firefighter discontinues active service, but the annuity contract must stipulate that no annuity amounts are payable before the volunteer firefighter attains the age of 50. The executive director must distribute the retirement benefit under section 353G.09, subdivision 1a, of a member of the monthly division of the defined benefit plan in the form of monthly payments as authorized under the retirement benefit plan document for the fire department in which the member is employed or for which the member provides services.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 44. **[353G.19] CONVERSION TO DEFINED CONTRIBUTION PLAN.**

Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated with a fire department covered by the defined benefit plan, including an entity previously affiliated with a defined benefit relief association when the entity made a request for coverage by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may convert to coverage by the defined contribution plan in accordance with this section.

(b) Conversion from coverage by the defined benefit plan to coverage by the defined contribution plan consists of:

- (1) a resolution by the governing body of the participating employer;
- (2) notice to all former and active volunteer firefighters of the fire department;
- (3) full vesting of all active and former volunteer firefighters with an accrued benefit in the defined benefit plan attributable to service with the fire department; and
- (4) allocation of surplus over full funding, if any, to individual accounts in the fire department's new account in the defined contribution plan.

(c) For an entity previously affiliated with a defined benefit relief association when the entity made a request for coverage by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately after coverage by the retirement plan of the entity's fire department and the entity's volunteer firefighters takes effect.

Subd. 2. **Resolutions by the governing body.** To initiate a conversion, the governing body of the participating employer must file with the executive director at least 30 days before the end of a calendar year:

- (1) a resolution that states that the fire department elects to participate in the defined contribution plan effective on conversion effective date, which is the first day of the next calendar year; and

(2) if the fire department account had a deficit from full funding as defined under section 353G.08, subdivision 1, paragraph (c), or the special fund of the defined benefit relief association had a deficit from full funding as defined in section 424A.092, subdivision 3, paragraph (b), a resolution approving a contribution to the retirement plan in the amount necessary to eliminate the deficit, which is to be paid within 30 days of the filing of the resolution or in installments over three years, with the first payment to be made within 30 days of the filing of the resolution.

Subd. 3. **Notice to participants.** The participating employer must provide notice to all active and former volunteer firefighters in the fire department at least 30 days before the conversion effective date. The notice must include:

(1) an explanation that the plan is converting from a defined benefit plan to a defined contribution plan, including definitions of those terms, on the conversion effective date and that the active and former volunteer firefighters will become fully vested in their accrued benefit as of the conversion effective date;

(2) a summary of the terms of the defined contribution plan;

(3) a section tailored to each volunteer firefighter that provides an estimate of the present value of the participant's fully vested accrued benefit and the calculation that resulted in that value;

(4) an estimate of any anticipated surplus and an explanation of the allocation of the surplus; and

(5) contact information for the chief administrative officer or chief financial officer of the participating employer and the designated staff member of the retirement plan who will answer questions and directions to a website.

Subd. 4. **Full vesting and determination of accrued benefit.** (a) On the conversion effective date, each active or former volunteer firefighter with a retirement benefit under the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit, becomes 100 percent vested as of the conversion effective date in the firefighter's retirement benefit, without regard to the number of years of vesting service credit.

(b) The executive director must determine the present value of each active or former firefighter's accrued benefit as of the conversion effective date, taking into account the full vesting requirement under paragraph (a).

Subd. 5. **Surplus over full funding.** If the fire department account has a surplus over full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive director must allocate the surplus over full funding to the individual account of each active and former volunteer firefighter, except any former volunteer firefighter receiving an annuity, in the same proportion that the volunteer firefighter's accrued benefit bears to the total accrued benefits of all active and former volunteer firefighters.

Subd. 6. **Distribution to former volunteer firefighters in pay status.** (a) If any former volunteer firefighter or beneficiary is receiving an annuity, the executive director must determine the present value of the remaining payments to the former volunteer firefighter or beneficiary and offer the former volunteer firefighter or beneficiary:

- (1) continued payments in the same monthly amount; or
- (2) an immediate lump-sum distribution of the present value amount.

(b) The offer of an immediate lump-sum distribution must include an offer to the former volunteer firefighter or beneficiary to elect a direct rollover of the amount to an eligible retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5.

Subd. 7. **Prohibition against reduction in accrued benefit.** In no event may the value of a volunteer firefighter's individual account in the defined contribution plan be less as of the day following the conversion effective date than the present value of the volunteer firefighter's accrued benefit as of the day before the conversion effective date.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 45. **REVISOR INSTRUCTION.**

The revisor of statutes shall change the following terms wherever the terms appear in Minnesota Statutes, chapter 353G, unless the context indicates that the previous term should remain. The revisor of statutes shall also make grammatical changes related to the changes in terms:

- (1) "Public Employees Retirement Association" to "association";
- (2) "independent nonprofit firefighting corporation" to "firefighting corporation"; and
- (3) "monthly benefit division" to "monthly division."

Sec. 46. **REPEALER.**

(a) Minnesota Statutes 2022, section 353G.01, subdivision 10, is repealed.

(b) Minnesota Statutes 2023 Supplement, sections 353G.01, subdivisions 7a and 8a; 353G.02, subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, and 4; 353G.112; and 353G.121, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 4

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2022, section 353.028, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, each of the terms in this subdivision has the meaning indicated.

(b) "City manager" means:

(1) a person who is duly appointed to and is holding the position of city manager in a Plan B statutory city or in a home rule city operating under the "council-manager" form of government;² or

(2) a person who is appointed to and is holding the position of chief administrative officer of a home rule charter city or a statutory city under a charter provision, ordinance, or resolution establishing such a position and prescribing its duties and responsibilities.

(c) "Governing body" means the city council of the city employing the city manager.

(d) "Election" means the election described in subdivision 2.

(e) "First employed" means a city manager employed by a city who, prior to employment as a city manager, has not been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 353.028, subdivision 2, is amended to read:

Subd. 2. **Election.** (a) A city manager first employed by a city may elect ~~make a onetime, irrevocable election~~ to be excluded from membership in the general employees retirement plan of the ~~Public Employees Retirement~~ association. The election of exclusion must be made within ~~six months~~ 30 days following the commencement of employment, must be made in writing on a form prescribed by the executive director, and must be approved by a resolution adopted by the governing body of the city. The election of exclusion is not effective until it is filed with the executive director. Membership of a city manager in the general employees retirement plan ceases on the date the written election is received by the executive director ~~or upon a later date specified~~. Employee and employer contributions made during the first 30 days of employment on behalf of a person exercising the option to be excluded from membership under this ~~section~~ paragraph must be refunded or credited in accordance with section 353.27, subdivision 7.

(b) A city manager who has ~~elected exclusion under this subdivision may elect to revoke that action by filing a written notice with the executive director. The notice must be on a form prescribed by the executive director and must be approved by a resolution of the governing body of the city. Membership of the city manager in the association resumes prospectively from the date of the first day of the pay period for which contributions were deducted or, if pay period coverage dates are not provided, the date on which the notice of revocation or contributions are received in the office of the association, provided that the notice of revocation is received by the association within 60 days of the receipt of contributions~~ previously been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city is not eligible to make the election under paragraph (a).

(c) ~~An election under paragraph (b) is irrevocable.~~ Any election under paragraph (a) ~~or (b)~~ must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 353.028, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program ~~which that~~ meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and section 356.24, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution ~~which that~~ would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D. Any agreement under this paragraph must be entered into within 30 days following the commencement of employment.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 353.028, subdivision 5, is amended to read:

Subd. 5. **Election; Other employment.** If a city manager who has made an election to be excluded under subdivision 2 subsequently accepts employment in another governmental subdivision or ~~subsequently accepts employment in a position other than as a city manager in the same city~~, the election is rescinded on the effective date of employment.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 353.33, subdivision 7, is amended to read:

Subd. 7. **~~Partial reemployment~~ Limitation on disability benefit payments.** (a) If, following a work or non-work-related injury or illness, a ~~disabled person~~ member who remains totally and permanently disabled as defined in section 353.01, subdivision 19, has ~~income earnings~~ from employment that is not substantial gainful activity ~~and the rate of earnings from that employment are less than~~, the amount of the member's disability benefit must be reduced as described in paragraph (b) if the total of the disability benefit and earnings exceeds the greater of:

(1) the base monthly salary rate the member had been receiving at the date of disability; or

(2) the base monthly salary rate currently paid by the employing governmental subdivision for similar positions similar to the employment position held by the disabled person immediately before becoming disabled, whichever is greater, the executive director shall continue.

(b) If paragraph (a) applies, the member's disability benefit in an amount that, when added to the earnings and any workers' compensation benefit, does must be reduced until the disability benefit

plus the monthly earnings from employment do not exceed the salary rate at the date of disability or the salary currently paid for positions similar to the employment position held by the disabled person immediately before becoming disabled, whichever is higher greater of the salaries described in paragraph (a), clause (1) or (2).

~~The disability benefit under this subdivision may not exceed the disability benefit originally allowed, plus any postretirement adjustments payable after December 31, 1988, in accordance with Minnesota Statutes 2008, section 11A.18, subdivision 10, or Minnesota Statutes 2008, section 356.41, through January 1, 2009, and thereafter as provided in section 356.415. No deductions for the retirement fund may be taken from the salary of a disabled person who is receiving a disability benefit as provided in this subdivision.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 353.33, subdivision 7a, is amended to read:

Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public Employees Retirement Association general employees retirement plan.

(b) If, following a work or non-work-related injury or illness, a ~~disabled~~ member receiving disability benefits attempts to return to work for their the member's previous public employer or attempts to return to a similar position with another public employer, on a full-time or less than full-time basis, the Public Employees Retirement association shall must continue paying the disability benefit for a period not to exceed six months. The disability benefit must continue in an amount that, when added to the subsequent employment earnings and workers' compensation benefit, does not exceed the base monthly salary the member had been receiving at the date of disability or the base monthly salary rate currently paid for similar positions, whichever is higher.

(c) No deductions for the general employees retirement plan may be taken from the salary of a disabled person who is attempting to return to work under this provision unless the member waives further disability benefits.

(d) A member only may return to employment and continue disability benefit payments once while receiving disability benefits from the general employees retirement plan ~~administered by the Public Employees Retirement Association.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2023 Supplement, section 353.335, subdivision 1, is amended to read:

Subdivision 1. **Reemployment earnings reporting required.** Unless waived by the executive director, a disability benefit recipient must report all earnings from reemployment ~~and from income from workers' compensation~~ to the association annually by May 15 in a format prescribed by the executive director. If the form is not submitted by May 15, benefits must be suspended effective June 1. If, upon receipt of the form, the executive director determines that the disability benefit recipient is eligible for continued payment, benefits must be reinstated retroactive to June 1. The executive director may waive the requirements in this section if the medical evidence supports that the disability benefit recipient will not have earnings from reemployment.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 353.64, subdivision 1, is amended to read:

Subdivision 1. **Police and fire plan membership; mandatory.** (a) A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a ~~person in charge of a designated fire company or companies who~~ supervisor of other firefighters who, in either case, is employed in a fire department, is required by the employing governmental subdivision to be and is licensed by the Board of Firefighter Training and Education under section 299N.05, and who is engaged in ~~the hazards of or exposed to hazardous~~ conditions resulting from firefighting or fire prevention, suppression, or investigation; or

(3) a full-time police officer or firefighter meeting ~~all the~~ requirements of clause (1) or (2), as applicable, who as part of the employment position is ~~periodically~~ assigned less than 50 percent of the time to perform employment duties in the same department that are not within the scope of ~~this subdivision~~ the employment duties described in clause (1) or (2).

(b) An individual to which paragraph (a), clause (3), applies must contribute as a member of the police and fire plan for ~~both the primary and secondary~~ all services ~~that are~~ provided to the employing governmental subdivision.

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

Sec. 9. Minnesota Statutes 2022, section 353.64, subdivision 2, is amended to read:

Subd. 2. **Police and fire ~~fund~~ plan membership; part-time employment coverage option.**

(a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of ~~this~~ the employment duties described in subdivision 1, paragraph (a), clause (1) or (2), the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for ~~primary services provided~~ at least 50 percent of the time worked, satisfies ~~all of~~ the requirements of subdivision 1, paragraph (a), clause (3), other than the requirement of full-time employment.

(c) For the governing body of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, paragraph (a), clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy ~~all~~ of the requirements of subdivision 1, paragraph (a), clause (2), other than the requirement of full-time employment.

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

Sec. 10. Minnesota Statutes 2022, section 353.64, subdivision 4, is amended to read:

Subd. 4. **Resolution filing.** (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of ~~adequate~~ notice from the association, if a valid resolution is not filed with the ~~public employees retirement~~ association within six months following the date of that notice, any contributions or deductions made to the police and fire ~~fund~~ plan for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

(c) The association must consider the filing by the governing body of a governmental subdivision of a resolution that satisfies the requirements of this section regarding an employee as sufficient evidence that the employee satisfies the eligibility requirements of this section, including subdivision 1, paragraph (a), clause (3), and subdivision 2.

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

Sec. 11. Minnesota Statutes 2022, section 353.64, subdivision 5a, is amended to read:

Subd. 5a. **Transfers.** (a) A member of the police and fire ~~fund~~ plan continues to be a member ~~of that fund~~ the police and fire plan if the member is transferred or has a change in employment:

(1) to a different position with associated within the same police or fire department functions in the same department or a related;

(2) to a police department in the same another governmental subdivision provided in the state of Minnesota; or

(3) to a fire department in another governmental subdivision in the state of Minnesota.

(b) The governing body sends of the governmental subdivision that employs the member, in the case of a transfer under paragraph (a), clause (1), or the governing body of the governmental subdivision by which the member becomes employed, in the case of a transfer under paragraph (a), clause (2) or (3), must send a copy of a resolution to that effect to the association. A police and fire ~~fund~~ plan member who is elected or assumes an appointive position, including but not limited to,

the positions of city council member, city manager, and finance director is not eligible to retain membership in the public employees police and fire ~~fund~~ plan.

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

Sec. 12. Minnesota Statutes 2023 Supplement, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

(1) any elected or appointed local government official of a governmental subdivision who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the service rendered to a governmental subdivision, is not a member of the association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan;

(5) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the association under section 353.01, subdivision 7;

(6) city managers who elected to be excluded from the general employees retirement plan of the association under section 353.028 and who elected to participate in the public employees defined contribution plan under section 353.028, subdivision 3, paragraph (b);

(7) volunteer or emergency on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the police and fire retirement plan and who are not covered by a volunteer firefighters relief association and who elect to participate in the public employees defined contribution plan;

(8) any elected county sheriffs sheriff who are is a former members member of the police and fire plan and who are, is receiving a retirement annuity as provided under section 353.651, who does not have previous employment with the county for which the sheriff was elected; and

(9) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

(c) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 353D.02, as amended by Laws 2023, chapter 47, article 3, section 3, is amended to read:

353D.02 ELECTION OF COVERAGE.

Subdivision 1. **Local government officials.** Eligible elected or appointed local government officials may elect to participate in the defined contribution plan ~~after~~ within the first 30 days of being elected or appointed to public office by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the official's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or contributions are received in the office of the association, whichever is received first, provided further that the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is ~~revocable during incumbency~~ irrevocable.

Subd. 2. **Eligible physician.** Eligible physicians may elect to participate in the defined contribution plan ~~within 90~~ the first 30 days of commencing employment with a government subdivision under section 353.01, subdivision 6, by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the physician's salary. Participation begins on the first day of the pay period for which the contributions were deducted. An election to participate in the defined contribution plan is irrevocable.

Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or ~~to~~ decline to participate. An individual's election must be made within 30 days of the service's election to participate or within 30 days of the date on which the individual ~~was employed by~~ began employment with the service or began to provide service for it, whichever date is later. An election by a service or an individual is ~~revocable~~ irrevocable.

Subd. 4. **Eligible rescue squad personnel.** The municipality or county, as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable, elects to participate, the eligible personnel may elect to participate or decline to participate. An eligible individual's election must be made within 30 days of the service's election to participate or within 30 days of the date on which the individual ~~begins to provide service to~~ first began employment with the rescue squad, whichever is later. Elections under this subdivision by a government unit or individual are irrevocable. The municipality or county, as applicable, must specify by resolution eligibility requirements for rescue squad personnel which must be satisfied if the individual is to be authorized to make the election under this subdivision.

Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the city of St. Paul who do not elect to participate in the general employees retirement plan may elect within the first 30 days of commencing employment to participate in the plan by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the employee's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or the contributions are received in the office of the association, whichever is received first, if the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is irrevocable.

Subd. 6. **City managers.** City managers who elected to be excluded from the general employees retirement plan of the Public Employees Retirement Association under section 353.028, and who elected to participate in the plan under section 353.028, subdivision 3, paragraph (b), ~~shall~~ must file that election with the executive director within the first 30 days of commencing employment. Participation begins on the first day of the pay period next following the date of the coverage election. An election to participate by a city manager is ~~revocable~~ irrevocable.

Subd. 7. **Certain volunteer firefighters.** Volunteer or ~~emergency~~ on-call firefighters who are serving as members of a municipal fire department or an independent nonprofit firefighting corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68 ~~or, by the applicable~~ a volunteer firefighters relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the election.

Subd. 8. **Election available only upon first hire and no prior retirement plan eligibility.** Notwithstanding any other provisions under this section, an election under this section is available to eligible participants only within the first 30 days of commencing employment or service with the governmental subdivision. If the eligible participant has previously been or is currently in a position covered by any retirement plan administered by the association to which the governmental subdivision contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the governmental subdivision, then the eligible participant must not receive an election.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 353E.03, is amended to read:

353E.03 CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.

Subdivision 1. **Member contributions.** A member of the ~~local government correctional service retirement~~ plan shall make an employee contribution in an amount equal to ~~5.83~~ 6.83 percent of salary.

Subd. 2. **Employer contributions.** The employer shall contribute for a member of the ~~local government correctional service retirement~~ plan an amount equal to ~~8.75~~ 10.25 percent of salary.

Subd. 3. **Contribution deductions.** The head of each department of each governmental subdivision that employs members of the local government correctional service retirement plan must deduct employee contributions in the manner and subject to the terms provided in section 353.27, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 353E.04, subdivision 3, is amended to read:

Subd. 3. **Annuity amount.** (a) The average salary as defined in subdivision 2, multiplied by 1.9 percent for each year of allowable service before July 1, 2025, and 2.2 percent for each year of allowable service beginning on or after July 1, 2025, determines the amount of the normal retirement annuity.

(b) If a person has earned allowable service in the general employees retirement plan of the Public Employees Retirement Association or the public employees police and fire retirement plan before participation under this chapter, the retirement annuity representing such service must be computed in accordance with the formula specified in sections 353.29 and 353.30 or 353.651, whichever applies.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 353E.06, subdivision 6, is amended to read:

Subd. 6. ~~Resumption of employment~~ **Limitation on disability benefit payments.** (a) If a disabled employee member receiving disability benefits resumes a gainful occupation from which with earnings are less than, the amount of the member's disability benefit must be reduced as described in paragraph (b) if the total of the disability benefit and earnings exceeds the greater of:

(1) the base monthly salary ~~received~~ rate the member had been receiving at the date of disability;
or

(2) the base monthly salary rate currently paid by the employing governmental subdivision for similar positions, ~~or should the employee be entitled to receive workers' compensation benefits,~~

(b) If paragraph (a) applies, the member's disability benefit must be ~~continued in an amount that, when added to such earnings during the months of employment, and workers' compensation benefits, if applicable, does~~ reduced until the disability benefit plus the monthly earnings from employment do not exceed the monthly salary received at the date of disability or the monthly salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater of the salaries described in paragraph (a), clause (1) or (2).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. **ONETIME IRREVOCABLE ELECTION.**

Subdivision 1. **City managers.** (a) A city manager hired by a city within six months before August 1, 2024, and who is currently participating in the general employee retirement plan of the

Public Employees Retirement Association may make a onetime irrevocable election to be excluded from membership if the election is:

- (1) in writing on a form prescribed by the executive director;
- (2) approved by a resolution adopted by the governing body of the city; and
- (3) received by the executive director between October 1, 2024, and October 30, 2024.

(b) Membership of a city manager in the general employees retirement plan ceases on the date that the written election is received by the executive director. Employee and employer contributions made on behalf of a person exercising the option to be excluded from membership under this subdivision must be refunded or credited in accordance with Minnesota Statutes, section 353.27, subdivision 7.

Subd. 2. **Local government officials.** A local government official elected or appointed to public office in a city within six months before the effective date of this act may make a onetime irrevocable election to participate in the public employees defined contribution plan if the election is:

- (1) in writing on a form prescribed by the executive director;
- (2) approved by a resolution adopted by the governing body of the city; and
- (3) received by the executive director between October 1, 2024, and October 30, 2024.

Subd. 3. **Public ambulance service personnel.** Eligible personnel hired by or providing service to a participating public ambulance service within six months before the effective date of this act may make a onetime irrevocable election to participate in the public employees defined contribution plan if the election is:

- (1) in writing on a form prescribed by the executive director; and
- (2) received by the executive director between October 1, 2024, and October 30, 2024.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2022, section 353D.071, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2022, section 353.33, subdivision 5, and Minnesota Statutes 2023 Supplement, section 353.335, subdivision 2, are repealed effective January 1, 2025.

ARTICLE 5

MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2022, section 352.01, subdivision 13, is amended to read:

Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages, or other periodic compensation, paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not include:

(1) lump-sum sick leave payments;

(2) severance payments;

(3) lump-sum annual leave payments and overtime payments made at the time of separation from state service;

(4) payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage;

(5) payments made as an employer-paid fringe benefit;

(6) workers' compensation payments;

(7) employer contributions to a deferred compensation or tax-sheltered annuity program; and

(8) amounts contributed under a benevolent vacation and sick leave donation program.

(c) Amounts ~~provided~~ paid to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the grievance or settlement is reviewed by the executive director and agreement is received by the executive director no fewer than 14 days before payment is made and the executive director determines that:

(1) the grievance or settlement agreement describes with sufficient specificity the period or periods of time worked or not worked by the employee for which the amounts are compensation; and

(2) the amounts are determined by the executive director to be consistent with salary as defined in paragraph (a) and the determination is consistent with prior determinations.

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

Sec. 2. Minnesota Statutes 2022, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board shall appoint an executive director, in this chapter called the director, on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The director must have had at least five years' experience in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. ~~The salary of the executive~~

~~director must not exceed the limit for a position listed in section 15A.0815, subdivision 2. The board must set the salary of the executive director with reference to a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director, which must not exceed the maximum for the salary range. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.~~

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

Sec. 3. Minnesota Statutes 2022, section 352.113, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** (a) An employee covered by the system, ~~who is less than~~ who has satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, has not reached normal retirement age, and ~~who~~ becomes totally and permanently disabled ~~after three or more years of allowable service if employed before July 1, 2010; or after five or more years of allowable service if employed after June 30, 2010;~~ is entitled to a disability benefit in an amount provided in subdivision 3.

(b) If the disabled employee's state service has terminated at any time, the employee must have at least two years of allowable service after last becoming a state employee covered by the system.

(c) Refunds may be repaid under section 352.23 before the effective accrual date of the disability benefit under subdivision 2.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 352.12, subdivision 1, is amended to read:

Subdivision 1. **Death before termination of service.** If an employee dies before state service has terminated and neither a survivor annuity nor a ~~reversionary~~ bounce-back annuity is payable on behalf of the employee, or if a former employee who has sufficient service credit to be entitled to an annuity dies before the annuity has become payable, a refund ~~with~~ in an amount equal to the employee's accumulated contributions plus interest is payable upon filing a written application on a form prescribed by the executive director. The refund is payable to the last designated beneficiary or, if there is none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate. Interest must be computed as provided in section 352.22, subdivision 2. Upon the death of an employee who has received a refund that was later repaid in full, interest must be paid on the repaid refund only from the date of the repayment. If the repayment was made in installments, interest must be paid only from the date on which the installment payments began. The designated beneficiary, the surviving spouse, or the representative of the estate of an employee who had received a disability benefit is not entitled to the payment of interest upon any balance remaining to the decedent's credit in the fund at the time of death, unless the death occurred before any payment could be negotiated.

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

Sec. 5. Minnesota Statutes 2022, section 352.12, subdivision 2, is amended to read:

Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has ~~credit for at least three years allowable service if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010,~~ satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for on the date of death.

(b) If the employee was an active employee at the time of the employee's death, was under age 55, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (b), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was an active employee at the time of the employee's death, was under age 55, and has ~~credit for at least three years of allowable service credit on the date of death if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010,~~ satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(d) The surviving spouse eligible for benefits under paragraph (a) may apply for the annuity at any time after the date on which the employee or former employee would have attained the required age for retirement based on the allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. ~~Sections 352.22, subdivision subdivisions 3; and 352.72, subdivision 2 3a,~~ apply to a deferred annuity or payable to a surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

(e) Any employee or former employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 6. Minnesota Statutes 2022, section 352.12, subdivision 2b, is amended to read:

Subd. 2b. **Dependent child survivor coverage.** If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 352.01, subdivision 26, is eligible for monthly payments under this subdivision, but only if the dependent child or children did not elect to receive a refund under subdivision 1. Payments to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the employee and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

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

Sec. 7. Minnesota Statutes 2022, section 352.12, subdivision 7, is amended to read:

Subd. 7. **Absence of optional or ~~reversionary~~ bounce-back annuity.** Upon the death of a retired employee who selected neither an optional annuity or a ~~reversionary~~ bounce-back annuity, a refund must be paid in an amount equal to the excess, if any, of the accumulated contributions to the credit of the retired employee immediately before retirement in excess of the sum of (1) all annuities, retirement allowances, and disability benefits that had been received and had accrued in the lifetime of the decedent, and (2) the annuity, retirement allowance, or disability benefit if not negotiated, payable to the surviving spouse under section 352.115, subdivision 8, or 352.113, subdivision 4, for the calendar month in which the retired employee died. The refund must be paid to the named beneficiary or, if there be none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate.

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

Sec. 8. Minnesota Statutes 2022, section 352.12, subdivision 8, is amended to read:

Subd. 8. **Optional or ~~reversionary~~ bounce-back annuity.** If the last eligible recipient of an optional annuity dies and the total amounts paid under it are less than the accumulated contributions to the credit of the retired employee immediately before retirement, the balance of accumulated contributions must be paid to the person designated by the retired employee in writing to receive payment. If no designation has been made by the retired employee, the remaining balance of accumulated contributions must be paid to the surviving children of the deceased recipient of the optional annuity in equal shares. If there are no surviving children, payment must be made to the deceased recipient's parents or, if none, to the representative of the deceased recipient's estate.

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

Sec. 9. Minnesota Statutes 2023 Supplement, section 352.91, subdivision 3f, as amended by Laws 2024, chapter 79, article 9, section 18, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) in the state-operated forensic services program or the Minnesota Sex Offender Program if at

least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services or direct care and treatment executive board.

(b) The employment positions are:

(1) baker;

~~(+)~~ (2) behavior analyst 2;

~~(2)~~ (3) behavior analyst 3;

~~(3)~~ (4) certified occupational therapy assistant 1;

~~(4)~~ (5) certified occupational therapy assistant 2;

~~(5)~~ (6) client advocate;

~~(6)~~ (7) clinical program therapist 2;

~~(7)~~ (8) clinical program therapist 3;

~~(8)~~ (9) clinical program therapist 4;

(10) cook;

(11) culinary supervisor;

~~(9)~~ (12) customer services specialist principal;

~~(+0)~~ (13) dental assistant registered;

~~(+1)~~ (14) dental hygienist;

(15) food service worker;

(16) food services supervisor;

~~(+2)~~ (17) group supervisor;

~~(+3)~~ (18) group supervisor assistant;

~~(+4)~~ (19) human services support specialist;

~~(+5)~~ (20) licensed alcohol and drug counselor;

~~(+6)~~ (21) licensed practical nurse;

~~(+7)~~ (22) management analyst 3;

(23) music therapist;

- (18) (24) occupational therapist;
- (19) (25) occupational therapist, senior;
- (20) (26) physical therapist;
- (21) (27) psychologist 1;
- (22) (28) psychologist 2;
- (23) (29) psychologist 3;
- (24) (30) recreation program assistant;
- (25) (31) recreation therapist lead;
- (26) (32) recreation therapist senior;
- (27) (33) rehabilitation counselor senior;
- (28) (34) residential program lead;
- (29) (35) security supervisor;
- (30) (36) skills development specialist;
- (31) (37) social worker senior;
- (32) (38) social worker specialist;
- (33) (39) social worker specialist, senior;
- (34) (40) special education program assistant;
- (35) (41) speech pathology clinician;
- (36) (42) substance use disorder counselor senior;
- (37) (43) work therapy assistant; and
- (38) (44) work therapy program coordinator.

EFFECTIVE DATE. This section is effective on the first day of the first payroll period occurring after the day of enactment.

Sec. 10. Minnesota Statutes 2022, section 352.95, subdivision 4, is amended to read:

Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide medical, chiropractic, or psychological evidence to support an application for disability benefits. The director ~~shall~~ may have the employee examined by at least one additional licensed physician, APRN, chiropractor, or psychologist who is designated by the medical adviser. The physicians, APRNs, chiropractors, or psychologists with respect to a mental impairment, shall make written reports to the director

concerning the question of the employee's disability, including their expert opinions as to whether the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, and whether the employee has a duty disability, physical or psychological, under section 352.01, subdivision 17b, or has a regular disability, physical or psychological, under section 352.01, subdivision 17c. The director shall also obtain written certification from the employer stating whether or not the employee is on sick leave of absence because of a disability that will prevent further service to the employer performing normal duties as defined in section 352.01, subdivision 17d, or performing less frequent duties as defined in section 352.01, subdivision 17e, and as a consequence, the employee is not entitled to compensation from the employer.

(b) If, on considering the reports by the physicians, APRNs, chiropractors, or psychologists and any other evidence supplied by the employee or others, the medical adviser finds that the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, the adviser shall make the appropriate recommendation to the director, in writing, together with the date from which the employee has been disabled. The director shall then determine the propriety of authorizing payment of a duty disability benefit or a regular disability benefit as provided in this section.

(c) Unless the payment of a disability benefit has terminated because the employee no longer has an occupational disability, or because the employee has reached either age 55 or the five-year anniversary of the effective date of the disability benefit, whichever is later, the disability benefit must cease with the last payment which was received by the disabled employee or which had accrued during the employee's lifetime. While disability benefits are paid, the director has the right, at reasonable times, to require the disabled employee to submit proof of the continuance of an occupational disability. If any examination indicates to the medical adviser that the employee no longer has an occupational disability, the disability payment must be discontinued upon the person's reinstatement to state service or within 60 days of the finding, whichever is sooner.

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

Sec. 11. **[352B.115] REEMPLOYMENT.**

Subdivision 1. Return to employment. (a) A member of the State Patrol retirement plan who has separated from service and is receiving an annuity under section 352B.08 or has applied to receive an annuity under section 352B.08 may return to employment in the same department and to a position covered by the State Patrol retirement plan as early as:

(1) the second day after separation from service if the member is at least age 55; or

(2) the 31st day after separation from service if the member is at least age 50 but not yet age 55.

(b) The executive director must seek repayment of any annuity payments made to a member who returns to employment before the earliest day under paragraph (a), clause (1) or (2), as applicable. The executive director may waive the repayment requirement if the member's failure to comply with paragraph (a), clause (1) or (2), as applicable, was inadvertent or due to no fault of the member.

Subd. 2. Effect on annuity. (a) A member's return to employment under subdivision 1 does not impact the member's continued receipt of an annuity or commencement of annuity payments.

(b) During the period of reemployment:

(1) the amount of the annuity must not increase or decrease as a result of the reemployment;

(2) the member must make member contributions as required under section 352B.02, subdivisions 1a and 1b, during the period of reemployment; and

(3) the member's employer must make employer and supplemental contributions as required under section 352B.02, subdivision 1c.

Subd. 3. **Separation from service after period of reemployment.** The executive director must refund the member's contributions made during the period of reemployment, plus interest, following the member's separation from service after the period of reemployment.

Subd. 4. **Other law and rules not applicable.** (a) Section 352.115, subdivision 10, does not apply to a member of the State Patrol retirement plan who returns to employment under this section.

(b) Minnesota Rules, part 6700.0675, does not apply to a member of the State Patrol retirement plan who returns to employment under this section.

(c) Minnesota Rules, part 6700.0670, does not apply to a member of the State Patrol retirement plan who returns to employment under this section, except that the member must be fingerprinted and the fingerprints must be forwarded by the employer to the Bureau of Criminal Apprehension and the Federal Bureau of Investigation.

Subd. 5. **Effect on mandatory retirement age.** A member's right to reemployment under subdivision 1 does not extend or affect the application of the mandatory retirement age under section 43A.34.

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

Sec. 12. Laws 2021, chapter 22, article 2, section 3, is amended to read:

Sec. 3. MSRS; SERVICE CREDIT PURCHASE PERMITTED FOR PERIOD OF EMPLOYMENT AS AN EXCLUDED EMPLOYEE.

Subdivision 1. **Definitions.** For purposes of this section, the following definitions shall apply, unless the context indicates a different meaning is intended:

~~(1) "effective date" means the effective date of section 1;~~

~~(2) (1) "eligible person" means a person state employee or former state employee who: (i) is employed in state service on the effective date or terminated employment in state service during the lookback period; (ii) was an excluded employee for any period of employment before the effective date; and (iii) before the effective date, became eligible for coverage under Minnesota Statutes 2020, section 352.01, subdivision 2b, clause (14), or, on the effective date, became a state employee under the amendment made by section 1 May 26, 2021;~~

~~(3) (2) "excluded employee" means a person who was excluded from coverage under Minnesota Statutes 2020, section 352.01, subdivision 2b, clause (14), or its predecessor; and~~

~~(4)~~ (3) "executive director" means the executive director of the Minnesota State Retirement System; ~~and.~~

~~(5) "lookback period" means the period that begins twelve months before the effective date of section 1 and ends on the effective date.~~

Subd. 1a. **Authorization to purchase service credit.** (a) If the employer of an eligible person notifies the eligible person that the eligible person is entitled to make the payment of missed employee contributions described in subdivision 2, the eligible person may elect to purchase service credit for the period of employment or any portion thereof during which contributions were not made for or by the eligible person because the eligible person was considered an excluded employee.

(b) If the eligible person elects to purchase service credit under paragraph (a), the eligible person must forward the notification from the employer under paragraph (a) to the executive director and request that the executive director determine the amount required under subdivision 2 to pay the missed employee contributions for the period of time that the eligible person did not make employee contributions because the eligible person was considered an excluded employee. The executive director must respond to the eligible person's request no later than 30 days after receiving the request.

(c) The eligible person, upon receipt of the amount calculated by the executive director under paragraph (b), must follow the procedure under subdivision 2 if the eligible person wishes to purchase service credit for a period of employment during which contributions were not made for or by the eligible person.

Subd. 2. ~~Authorizing the purchase of service credit~~ **Payments required.** (a) Notwithstanding any law to the contrary, the executive director must credit a person with allowable service credit for any period of employment during which contributions were not made for the person because the person was considered an excluded employee, if the person is an eligible person and the executive director receives the payment described in paragraph (b) or (c), as applicable, no later than 90 days after the date of the notification from the eligible person's employer under subdivision 1a, paragraph (a).

~~(b) The eligible person or the employer, on behalf of the eligible person, may, no later than August 31, 2021, pay the missed employee contributions for any period of employment during which contributions were not made for the person because the person was considered an excluded employee, by transmitting the amount of the missed employee contributions in a lump sum to the Minnesota State Retirement System~~ amount calculated by the executive director under subdivision 1a, paragraph (b).

(c) In lieu of the amount under paragraph (a), the eligible person may elect to pay missed employee contributions for less than the entire period of employment during which contributions were not made. The period of employment elected must be consecutive payroll periods and may be payroll periods during which the eligible person received the lowest salary. Upon payment of the missed employee contributions for the period of employment elected, the executive director must credit the eligible person with a proportionate amount of allowable service credit.

(d) If the missed employee contributions are paid, the eligible person's employer must, no later than ~~September 30, 2021~~ 60 days after the date the missed employee contributions are paid, pay the missed employer contributions plus interest, compounded annually, at the applicable annual rate or

rates specified in Minnesota Statutes, section 356.59, subdivision 2, on both the employee contributions and the employer contributions, from the end of the year in which the contributions would have been made to the date on which the payment is made, by transmitting the amount of the missed employer contributions plus interest in a lump sum to the Minnesota State Retirement System. If the eligible person elects to pay missed employee contributions for less than the entire period of employment as permitted under paragraph (c), the employer must pay the missed employer contributions plus interest on both the employee contributions and the employer contributions for the payroll periods elected by the eligible person.

(e) The executive director ~~shall~~ must notify the eligible person's employer regarding the amount required under paragraph (d) and the basis for determining the amount. If the employer fails to make all or any portion of the payment required by paragraph (d), the executive director shall follow the procedures in Minnesota Statutes, section 352.04, subdivision 8, paragraph (b), to collect the unpaid amount.

Subd. 3. **Expiration.** This section expires June 30, 2027.

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

Sec. 13. **NEW POSITIONS PERMITTED TO TRANSFER PAST SERVICE CREDIT FROM THE MSRS GENERAL PLAN.**

For each employee whose employment position is baker, cook, culinary supervisor, food service worker, food services supervisor, or music therapist and who enters the correctional state employees retirement plan on the effective date of section 9, the executive director must consider the employee an eligible employee under Minnesota Statutes, section 352.955, subdivision 1, paragraph (b), for purposes of Minnesota Statutes, section 352.955. The executive director must transfer, from the general state employees retirement plan to the correctional state employees retirement plan, any eligible prior correctional employment as defined under Minnesota Statutes, section 352.955, subdivision 1, paragraph (c), if elected by the eligible employee, subject to all other requirements of Minnesota Statutes, section 352.955, including payment by the eligible employee of the additional member contribution as defined under Minnesota Statutes, section 352.955, subdivision 3, paragraph (a).

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

Sec. 14. **WORK GROUP ON MSRS CORRECTIONAL PLAN ELIGIBILITY.**

Subdivision 1. **Work group established.** The executive director of the Legislative Commission on Pensions and Retirement (commission executive director) must convene a work group for the purpose of recommending legislation amending Minnesota Statutes, sections 352.91 and 356.955, and other statutes applicable to eligibility for the Minnesota State Retirement System correctional state employees retirement plan (correctional plan) that will correct the deficiencies in the process under current law for adding employees and positions to coverage by the correctional plan.

Subd. 2. **Membership.** (a) The members of the work group are the following:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee and a second member of the Minnesota State Retirement System staff designated by the executive director of the Minnesota State Retirement System;

(2) the commissioner of corrections or the commissioner's designee and a member of the department's human resources staff with knowledge of the department's process for creating and amending position descriptions of positions in the facilities with employees covered by the correctional plan;

(3) the commissioner of human services or the commissioner's designee and a member of the department's human resources staff with knowledge of the department's process for creating and amending position descriptions of positions in the facilities with employees covered by the correctional plan;

(4) two representatives from the American Federation of State, County and Municipal Employees (AFSCME);

(5) two representatives from the Minnesota Association of Professional Employees (MAPE);

(6) two representatives from the Middle Management Association (MMA); and

(7) one representative from the Minnesota Nurses Association.

(b) the commission executive director may invite others, including legislators and legislative staff, to participate in one or more meetings of the work group.

(c) The organizations specified in paragraph (a) must provide the commission executive director with the names and contact information for the representatives who will serve on the work group by June 14, 2024.

Subd. 3. **Scope.** (a) In arriving at the work group's recommendation for legislation or alternatives for legislation the work group must consider:

(1) the effectiveness of the current process for certifying that an employee has direct contact with inmates or patients at least 75 percent of the employee's working time as required under Minnesota Statutes, section 352.91, and take into account that an employee's direct contact may fluctuate from year to year or pay period to pay period and may vary among facilities;

(2) whether correctional plan membership should depend on position descriptions that are not updated frequently enough or on position titles that may change from time to time and whether there are alternatives to conditioning membership on position descriptions or titles;

(3) whether the procedures under Minnesota Statutes, section 352.91, subdivisions 4a to 4c, should be reformed to ensure there is an effective procedure that will be followed for evaluating positions and employees entitled to membership;

(4) whether the service credit transfer provisions are effective or should be revised to apply whenever an employee transfers coverage from the Minnesota State Retirement System general state employees retirement plan to the correctional plan;

(5) the philosophy behind current law that identifies certain positions as being automatically eligible for plan membership and other positions as being eligible for plan membership only if the direct contact requirement is met and the factors considered in making determinations as to which positions will be automatically eligible; and

(6) any other topics relevant to the considerations listed above that will reduce the frequency with which the commission is requested to review plan membership issues.

Subd. 4. **Due date for submitting recommendation to the commission.** The commission executive director must submit the recommendation of the work group to the chair of the Legislative Commission on Pensions and Retirement by January 10, 2025.

Subd. 5. **Meetings.** (a) The executive director of the commission must convene the first meeting of the work group no later than August 1, 2024, and will serve as chair.

(b) Meetings may be conducted remotely or in person or a combination of remote and in person.

(c) In-person meetings must be held in the offices of the Legislative Coordinating Commission or in the Retirement Systems of Minnesota Building in St. Paul.

Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve without compensation.

(b) Participation in the work group is not lobbying under Minnesota Statutes, chapter 10A.

(c) An individual's employer or an association of which an individual is a member must not retaliate against the individual because of the individual's participation in the work group.

Subd. 7. **Administrative support.** Commission staff must provide administrative support for the work group.

Subd. 8. **Expiration.** The work group expires June 30, 2025.

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

ARTICLE 6

MINNESOTA SECURE CHOICE RETIREMENT PROGRAM

Section 1. Minnesota Statutes 2023 Supplement, section 187.03, is amended by adding a subdivision to read:

Subd. 7a. **Home and community-based services employee.** "Home and community-based services employee" means an individual employed by the individual's child or spouse to provide:

(1) consumer-directed community supports services under sections 256B.092 and 256B.49 and chapter 256S or under the alternative care program authorized under section 256B.0913; or

(2) services under the community first services and supports program authorized under section 256B.85 and Minnesota's federally approved waiver programs.

This definition applies only to this chapter and does not create any other legal rights or obligations under state or federal law.

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 187.05, subdivision 7, is amended to read:

Subd. 7. **Individuals not employed by a covered employer.** (a) In addition to home and community-based services employees under paragraph (b), the board may allow individuals not employed by a covered employer to open and contribute to an account in the program, in which case the individual ~~shall~~ must be considered a covered employee for purposes of sections 187.05 to 187.11.

(b) The board must allow any home and community-based services employee to open and contribute to an account in the program within six months of the opening of the program and must consider a home and community-based services employee a covered employee for purposes of sections 187.05 to 187.11.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 187.08, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The policy-making function of the program is vested in a board of directors consisting of seven members as follows:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee;

(2) the executive director of the State Board of Investment or the executive director's designee;

(3) three members chosen by the Legislative Commission on Pensions and Retirement, one from each of the following experience categories:

(i) executive or operations manager with substantial experience in record keeping 401(k) plans;

(ii) executive or operations manager with substantial experience in individual retirement accounts;
and

(iii) executive or other professional with substantial experience in retirement plan investments;

(4) a human resources or retirement benefits executive from a private company with substantial experience in administering the company's 401(k) plan, appointed by the governor; and

(5) a small business owner, a small business executive, or a nonprofit executive appointed by the governor.

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

Sec. 4. Minnesota Statutes 2023 Supplement, section 187.08, subdivision 7, is amended to read:

Subd. 7. **Executive director; staff.** (a) The board must appoint an executive director, determine the duties of the executive director, and set the compensation of the executive director. The board may appoint an interim executive director to serve as executive director during any period that the executive director position is vacant.

(b) The board may ~~also~~ hire staff as necessary to support the board and the executive director or interim executive director in performing ~~its~~ their duties or the board may authorize the executive director or interim executive director to hire staff.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2024.

Sec. 5. Minnesota Statutes 2023 Supplement, section 187.08, subdivision 8, is amended to read:

Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board has the following duties:

(1) to establish secure processes for enrolling covered employees in the program and for transmitting employee ~~and employer~~ contributions to accounts in the trust;

(2) to prepare a budget and establish procedures for the payment of costs of administering and operating the program;

(3) to lease or otherwise procure equipment necessary to administer the program;

(4) to procure insurance in connection with the property of the program and the activities of the board, executive director, and other staff;

(5) to determine the following:

(i) any criteria for a covered employee other than employment with a covered employer under section 187.03, subdivision 5;

(ii) contribution rates and an escalation schedule under section 187.05, subdivision 4;

(iii) withdrawal and distribution options under section 187.05, subdivision 6; and

(iv) the default investment fund under section 187.06, subdivision 5;

(6) to keep annual administrative fees, costs, and expenses as low as possible:

(i) except that any administrative fee assessed against the accounts of covered employees may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined contribution programs of similar size in the state of Minnesota or another state; and

(ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat fee;

(7) to determine the eligibility of an employer, employee, or other individual to participate in the program and review and decide claims for benefits and make factual determinations;

(8) to prepare information regarding the program that is clear and concise for dissemination to all covered employees and includes the following:

- (i) the benefits and risks associated with participating in the program;
- (ii) procedures for enrolling in the program and opting out of the program, electing a different or zero percent employee contribution rate, making investment elections, applying for a distribution of employee accounts, and making a claim for benefits;
- (iii) the federal and state income tax consequences of participating in the program, which may consist of or include the disclosure statement required to be distributed by retirement plan trustees or custodians under the Internal Revenue Code and the Treasury Regulations thereunder;
- (iv) how to obtain additional information on the program; and
- (v) disclaimers of covered employer and state responsibility, including the following statements:
 - (A) covered employees seeking financial, investment, or tax advice should contact their own advisors;
 - (B) neither a covered employer nor the state of Minnesota are liable for decisions covered employees make regarding their account in the program;
 - (C) neither a covered employer nor the state of Minnesota guarantees the accounts in the program or any particular investment rate of return; and
 - (D) neither a covered employer nor the state of Minnesota monitors or has an obligation to monitor any covered employee's eligibility under the Internal Revenue Code to make contributions to an account in the program, or whether the covered employee's contributions to an account in the program exceed the maximum permissible contribution under the Internal Revenue Code;
- (9) to publish an annual financial report, prepared according to generally accepted accounting principles, on the operations of the program, which must include but not be limited to costs attributable to the use of outside consultants, independent contractors, and other persons who are not state employees and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;
- (10) to publish an annual report regarding plan outcomes, progress toward savings goals established by the board, statistics on the number of participants, participating employers, and covered employees who have opted out of participation, plan expenses, estimated impact of the program on social safety net programs, and penalties and violations, and disciplinary actions for enforcement, and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;
- (11) to file all reports required under the Internal Revenue Code or chapter 290;
- (12) to, at the board's discretion, seek and accept gifts, grants, and donations to be used for the program, unless such gifts, grants, or donations would result in a conflict of interest relating to the

solicitation of service provider for program administration, and deposit such gifts, grants, or donations in the Secure Choice administrative fund;

(13) to, at the board's discretion, seek and accept appropriations from the state or loans from the state or any agency of the state;

(14) to assess the feasibility of partnering with another state or a governmental subdivision of another state to administer the program through shared administrative resources and, if determined beneficial, enter into contracts, agreements, memoranda of understanding, or other arrangements with any other state or an agency or a subdivision of any other state to administer, operate, or manage any part of the program, which may include combining resources, investments, or administrative functions;

(15) to hire, retain, and terminate third-party service providers as the board deems necessary or desirable for the program, including but not limited to the trustees, consultants, investment managers or advisors, custodians, insurance companies, recordkeepers, administrators, consultants, actuaries, legal counsel, auditors, and other professionals, provided that each service provider is authorized to do business in the state;

(16) to interpret the program's governing documents and this chapter and make all other decisions necessary to administer the program;

(17) to conduct comprehensive employer and worker education and outreach regarding the program that reflect the cultures and languages of the state's diverse workforce population, which may, in the board's discretion, include collaboration with state and local government agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources; and

(18) to prepare notices for delivery to covered employees regarding the escalation schedule and to each covered employee before the covered employee is subject to an automatic contribution increase.

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

Sec. 6. Laws 2023, chapter 46, section 11, is amended to read:

Sec. 11. **BOARD SUPPORT UNTIL APPOINTMENT OF EXECUTIVE DIRECTOR.**

With the assistance of the Legislative Coordinating Commission, the executive director of the Legislative Commission on Pensions and Retirement must:

(1) provide notice to members of the board regarding the first meeting of the board and work with the member designated under section 10, subdivision 2, to determine the agenda and provide meeting support; and

(2) ~~serve as the interim executive director to~~ assist the board until the board appoints an interim executive director or completes the search, recruitment, and interview process and appoints the executive director under Minnesota Statutes, section 187.08, subdivision 8.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2024.

ARTICLE 7**SUPPLEMENTAL PLANS**

Section 1. Minnesota Statutes 2023 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) to a deferred compensation plan defined in subdivision 3;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;

(11) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(12) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(13) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5; ~~or~~

(14) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment; or

(15) to a supplemental plan organized and operated under the Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

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

Sec. 2. Minnesota Statutes 2022, section 356.24, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation plan.** (a) As used in this section:

(1) "deferred compensation plan" means a plan that satisfies the requirements of this subdivision;

(2) "plan administrator" means the individual or entity defined as the plan administrator in the plan document for the Minnesota deferred compensation plan under section 352.965 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

(3) "vendor" means the provider of an annuity contract, custodial account, or retirement income account under a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code.

(b) The plan is:

(1) the Minnesota deferred compensation plan under section 352.965;

(2) a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code; or

(3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

(c) For each investment fund available to participants under the plan, other than in a self-directed brokerage account or fixed annuity contract, the plan administrator or vendor discloses at least annually to participants a statement that sets forth (1) all fees, including administrative, maintenance, and investment fees, that impact the rate of return on each investment fund available under the plan, and (2) the rates of return for the prior one-, ~~three-~~, five-, and ten-year periods or for the life of the fund, if shorter, in an easily understandable document. The plan administrator or vendor must file

a copy of this statement annually with the executive director of the Legislative Commission on Pensions and Retirement ~~within 30 days of the end of each fiscal year of the plan.~~

(d) Enrollment in the plan is provided for in:

(1) a personnel policy of the public employer;

(2) a collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit; or

(3) an individual employment contract (i) between a city and a city manager or other management employee, or (ii) between a school district and a superintendent or other management employee.

(e) The plan covers employees of a school district, state agency, or other governmental subdivision. The plan may cover city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover employees of the Board of Trustees of Minnesota State Colleges and Universities who are covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

~~(f) Except as permitted under paragraph (g), public funds are contributed to the plan only in an amount that matches~~ If the public employer makes matching contributions to the plan, the matching contributions must match, on a dollar for dollar basis, employee elective deferral contributions on a dollar for dollar basis, but not to exceed the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code. In lieu of or in addition to matching an employee's elective deferral contributions, the public employer may make employer matching contributions on behalf of an employee on account of qualified student loan payments, as defined in the Secure 2.0 Act of 2022, Public Law 117-328 (December 29, 2022), Division T, section 110, paragraph (b), and any regulations adopted thereunder. The employer matching contributions on account of an employee's qualified student loan payments plus any employer matching contributions that match an employee's elective deferral contributions must not exceed, for the year, the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code, or (3) the employee's compensation for the year.

(g) Contributions to the plan may include contributions deducted from an employee's sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized as employee contributions or nonelective employer contributions, up to applicable limits under the Internal Revenue Code. Such contributions are not subject to the match requirement and limit in paragraph (f).

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

ARTICLE 8**APPLICABLE TO ALL PLANS:
AMORTIZATION; INTERNAL REVENUE CODE COMPLIANCE**

Section 1. Minnesota Statutes 2023 Supplement, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

~~(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.~~

(e) (b) This paragraph applies only if the calculation under this paragraph for a retirement plan results in an established date for full funding that is earlier than the established date for full funding applicable to the retirement plan under paragraph (c). For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established

date for full funding in effect before the change must be calculated using the investment return assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable investment return assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the investment return assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(c) The established date for full funding is the date provided for each of the following plans:

~~(d)~~ (i) for the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048;₂

~~(e)~~ (ii) for the Teachers Retirement Association, the established date for full funding is June 30, 2048, through June 30, 2025. Beginning July 1, 2025, the established date for full funding is June 30, 2053;₂

~~(f)~~ (iii) for the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048;₂

~~(g)~~ (iv) for the judges retirement plan, the established date for full funding is June 30, 2048;₂

~~(h)~~ (v) for the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048;₂

(†) (vi) for the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048; and

(†) (vii) for the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(†) (d) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

EFFECTIVE DATE. This section is effective June 30, 2024.

Sec. 2. Minnesota Statutes 2022, section 356.611, subdivision 2, is amended to read:

Subd. 2. **Federal compensation limits.** (a) For members or participants of a covered ~~pension~~ retirement plan ~~enumerated in section 356.30, subdivision 3, and of the plan established under chapter 353D~~ listed in subdivision 6, compensation in excess of the limitation specified in section 401(a)(17) of the Internal Revenue Code, as ~~amended~~ adjusted, for changes in the cost of living under section 401(a)(17)(B) of the Internal Revenue Code, ~~may~~ must not be included for contribution and benefit computation purposes.

(b) Notwithstanding paragraph (a), for members or participants specified in paragraph (a) who first contributed to a plan specified in that paragraph before July 1, 1995, the annual compensation limit specified in section 401(a)(17) of the Internal Revenue Code on June 30, 1993, applies if that provides a greater allowable annual compensation.

(c) To the extent required by sections 3401(h) and 414(u)(12) of the ~~federal~~ Internal Revenue Code, an individual receiving a differential wage payment as defined in section 3401(h)(2) of the ~~federal~~ Internal Revenue Code from an employer shall be treated as employed by that employer, and the differential wage payment will be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the ~~federal~~ Internal Revenue Code.

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

Sec. 3. Minnesota Statutes 2022, section 356.611, is amended by adding a subdivision to read:

Subd. 6. Covered retirement plan. As used in this section, "covered retirement plan" means any of the following plans:

(1) the legislator's retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

- (4) the State Patrol retirement plan, established by chapter 352B;
- (5) the unclassified state employees retirement plan, established by chapter 352D;
- (6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;
- (7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established by chapter 353;
- (8) the public employees defined contribution plan, established by chapter 353D;
- (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;
- (10) the statewide volunteer firefighter retirement plan, established by chapter 353G;
- (11) the Teachers Retirement Association, established by chapter 354;
- (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- (13) the higher education individual retirement account plan, established by chapter 354B;
- (14) the higher education supplemental retirement plan, established by chapter 354C;
- (15) a retirement plan of a volunteer firefighter retirement association subject to chapter 424A;
- (16) the judges retirement plan, established by chapter 490; or
- (17) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended.

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

Sec. 4. **[356.612] LIMITATION ON BENEFITS AND CONTRIBUTIONS.**

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

(b) "Annual addition" means the sum for the limitation year of all pretax and after-tax contributions made by the member or the member's employer and credited to an account in the name of the member in any defined contribution plan maintained by the employer.

(c) "Annuity starting date" means the first day of the first period for which an amount is payable as an annuity or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the member to the benefit.

(d) "Compensation" means the compensation actually paid or made available to a member or participant for any limitation year, including all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described in

Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in section 356.611, subdivision 2.

(e) "Limitation year" means the calendar year or fiscal year, whichever is applicable to the particular pension plan.

(f) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending after December 31, 2001, payable in the form of a single life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit amount shall be further adjusted as follows:

(1) if the member has less than ten years of participation, the maximum permissible benefit shall be multiplied by a fraction, the numerator of which is the number of years, or part thereof, but not less than one year, of participation in the plan, and the denominator of which is ten;

(2) for a member who is not a qualified participant, if the annual benefit begins before the member has attained 62 years of age, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at 62 years of age; and

(3) if the annual benefit begins after the member has attained 65 years of age, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at 65 years of age.

(g) "Qualified participant" means a member of a defined benefit plan listed in section 356.611, subdivision 6, with respect to whom the period of service taken into account in determining the amount of the benefit under such defined benefit plan includes at least 15 years of service of the member:

(1) as a full-time employee of any police department or fire department which is organized and operated by the state, Indian Tribal government, or any political subdivision maintaining such defined benefit plan to provide police protection, firefighting services, or medical services for any area within the jurisdiction of the state, Indian Tribal government, or political subdivision; or

(2) as a member of the Armed Forces of the United States.

Subd. 2. Annual benefit limitations; defined benefit plans. (a) For a defined benefit plan listed in section 356.611, subdivision 6, the annual benefit payable to a member shall not exceed the maximum permissible benefit. If the benefit the member would otherwise receive for a limitation year would result in the payment of an annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced to the extent necessary so the benefit does not exceed the maximum permissible benefit.

(b) For purposes of applying the limitation in paragraph (a), an annual benefit that is payable in any form other than a single life annuity shall be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

(c) If a member participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately to satisfy the limitation in paragraph (a).

Subd. 3. **Annual addition limitation; defined contribution plans.** For any limitation year, the annual additions by or on behalf of a member to a defined contribution plan listed in section 356.611, subdivision 6, shall not exceed the lesser of:

(1) 100 percent of the member's compensation for the limitation year; or

(2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d)(1)(C) of the Internal Revenue Code.

Subd. 4. **Incorporation by reference.** Any requirements of section 415(b) and (c) of the Internal Revenue Code and related regulations and agency guidance not addressed by this section shall be considered incorporated by reference, including provisions applicable to a qualified participant and to survivor and disability benefits. This section shall be interpreted in a manner that is consistent with the requirements of sections 415(b) and (c) of the Internal Revenue Code and the related regulations.

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

Sec. 5. **[356.614] LIMITATION ON USE OF FORFEITURES.**

This section applies to any defined benefit plan listed in section 356.611, subdivision 6. Unless otherwise permitted by section 401(a)(8) of the Internal Revenue Code, forfeitures must not be applied to increase the benefits any participant would otherwise receive under the plan at any time prior to the termination of the plan or the complete discontinuance of employer contributions.

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

Sec. 6. Minnesota Statutes 2022, section 356.62, is amended to read:

356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.

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

(b) "Employee" means any person covered by a public pension or retirement plan.

(c) "Employee contributions" means any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension or retirement plan.

(d) "Public pension or retirement plan" means a covered retirement plan listed in section 356.611, subdivision 6, or any other public retirement plan to which section 414(h)(2) of the Internal Revenue Code applies.

Subd. 2. **Pick up of employee contributions.** (a) For purposes of any public pension or retirement plan, ~~as defined in section 356.63, paragraph (b); each employer shall pick up the employee contributions required under law or under the pension plan document for all salaries. If the United States Treasury Department rules that under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that these picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions must be treated as employer contributions in determining tax treatment under the Internal Revenue Code of 1986 and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.~~

(b) Employee contributions that are picked up must be treated for all purposes of the public pension or retirement plan in the same manner and to the same extent as employee contributions that were made before the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up must be included in the salary upon which retirement coverage is credited and upon which retirement and survivor's benefits are determined. ~~For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.~~

(c) The employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 must apply to the extent not inconsistent with the provisions of this section.

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

Sec. 7. **[356.633] DIRECT ROLLOVERS.**

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

(b) "Distributee" means:

(1) a participant in a covered retirement plan listed in section 356.611, subdivision 6;

(2) the surviving spouse of a participant;

(3) the former spouse of the participant who is the alternate payee under a qualified domestic relations order as defined in section 414(p) of the Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution of marital property, as provided in section 518.58; or

(4) a nonspousal beneficiary of a participant who qualifies for a distribution under the plan and is a designated beneficiary as defined in section 401(a)(9)(E) of the Internal Revenue Code.

(c) "Eligible retirement plan" means:

(1) an individual retirement account under section 408(a) or 408A of the Internal Revenue Code;

(2) an individual retirement annuity plan under section 408(b) of the Internal Revenue Code;

(3) an annuity plan under section 403(a) of the Internal Revenue Code;

(4) a qualified trust plan under section 401(a) of the Internal Revenue Code that accepts the distributee's eligible rollover distribution;

(5) an annuity contract under section 403(b) of the Internal Revenue Code;

(6) an eligible deferred compensation plan under section 457(b) of the Internal Revenue Code, which is maintained by a state or local government and which agrees to separately account for the amounts transferred into the plan;

(7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an individual account or annuity treated as an inherited individual retirement account under section 402(c)(11) of the Internal Revenue Code; or

(8) a savings incentive match plan for employees of small employers (SIMPLE) individual retirement account under section 408(p) of the Internal Revenue Code, provided that the rollover distribution is made after the two-year period beginning on the date the distributee first participated in any qualified salary reduction arrangement maintained by the distributee's employer under section 408(p)(2) of the Internal Revenue Code, as described in section 72(t)(6) of the Internal Revenue Code.

(d) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee. An eligible rollover distribution does not include:

(1) a distribution that is one of a series of substantially equal periodic payments, receivable annually or more frequently, that is made for the life or life expectancy of the distributee, the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(2) a distribution that is required under section 401(a)(9) of the Internal Revenue Code; or

(3) any other exception required by law or the Internal Revenue Code.

Subd. 2. **Right to elect direct rollover.** Except as provided in subdivision 3 for after-tax contributions, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan as specified by the distributee.

Subd. 3. **Distributions of after-tax contributions.** For distributions of after-tax contributions which are not includable in gross income, the after-tax portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Internal Revenue Code, to a Roth individual retirement account described in section 408A of the Internal Revenue Code, to a qualified plan described in either section 401(a) of the Internal Revenue Code, or to an annuity contract described in section 403(b) of the Internal Revenue Code, that agrees to separately account for the amounts transferred, including separately accounting for the portion of the distribution which is includable in gross income and the portion of the distribution which is not includable.

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

Sec. 8. Minnesota Statutes 2022, section 356.635, subdivision 1, is amended to read:

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

(a) the retirement benefit of a member or participant must begin to be distributed or, if a lump sum, be distributed no later than the member's or participant's required beginning date. "Required beginning date" means April 1 of the calendar year following the later of (1) the calendar year in which the member or the participant attains the age specified in section 401(a)(9)(C)(i)(I) of the Internal Revenue Code, or (2) the calendar year in which the member or participant terminates employment.

(b) A pension or defined contribution plan shall not be required to obtain the consent of a member or participant to a distribution if the distribution is required to satisfy the requirements of paragraph (a).

(b) "Beneficiary" means the person designated as the beneficiary under the terms of the applicable covered retirement plan.

(c) "Covered retirement plan" means a pension or retirement plan listed in section 356.611, subdivision 6.

(d) "Designated beneficiary" means an individual beneficiary within the meaning of section 401(a)(9)(E)(i) of the Internal Revenue Code.

(e) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subdivision 2a,

paragraph (b). The required minimum distribution for the participant's first distribution calendar year shall be made on or before the participant's required beginning date.

(f) "Eligible designated beneficiary" means a designated beneficiary who meets the additional criteria under section 401(a)(9)(E)(ii) of the Internal Revenue Code.

(g) "Participant's account balance" means the account balance as of the last valuation date in the valuation calendar year increased by the amount of any contributions made and allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(h) "Required beginning date" means April 1 of the calendar year following the later of:

(1) the calendar year in which the member or the participant attains the age specified in section 401(a)(9)(C)(i)(I) of the Internal Revenue Code; or

(2) the calendar year in which the member or participant terminates employment.

(i) "Valuation calendar year" means the calendar year immediately preceding the distribution calendar year.

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

Sec. 9. Minnesota Statutes 2022, section 356.635, is amended by adding a subdivision to read:

Subd. 1a. **Required beginning date.** (a) Notwithstanding any state law to the contrary, the retirement benefit of a member or participant must begin to be distributed or, if a lump sum, be distributed no later than the member's or participant's required beginning date.

(b) A pension or retirement plan is not required to obtain the consent of a member or participant to a distribution if the distribution is required to satisfy the requirements of paragraph (a). If the plan is unable to obtain the consent of a member or participant to a distribution that is required to satisfy the requirements of paragraph (a), the plan must make the required distribution to the member or participant. If the plan is a defined benefit plan that permits the distribution to be in the form of an annuity, the required distribution must be:

(1) in the form of a single life annuity if the plan administrator's records do not indicate that the member is married; or

(2) in the form of a 50 percent joint and survivor annuity naming the member's spouse as survivor if the plan administrator's records indicate that the member is married.

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

Sec. 10. Minnesota Statutes 2022, section 356.635, subdivision 2, is amended to read:

Subd. 2. **Required minimum distributions.** Notwithstanding any state law to the contrary:

(1) distributions shall from a covered retirement plan must be determined and made as required under in accordance with a reasonable, good faith interpretation of the requirements of section 401(a)(9) of the Internal Revenue Code as applicable to governmental plans, as defined under section 414(d) of the Internal Revenue Code, and the treasury regulations adopted under that section 401(a)(9), including, but not limited to, the incidental death benefit provisions of section 401(a)(9)(G) of the Internal Revenue Code-; and

(2) the entire interest of a member of participant under a covered retirement plan must begin to be distributed or, if a lump sum, be distributed no later than the member's or participant's required beginning date.

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

Sec. 11. Minnesota Statutes 2022, section 356.635, is amended by adding a subdivision to read:

Subd. 2a. Required distributions from defined contribution plans. (a) This section applies to any covered retirement plan that is a defined contribution plan, including but not limited to the following:

(1) the unclassified state employees retirement plan, established by chapter 352D;

(2) the public employees defined contribution plan, established by chapter 353D;

(3) the defined contribution plan that is part of the statewide volunteer firefighter retirement plan, established by chapter 353G;

(4) the higher education individuals retirement account plan, established by chapter 354B;

(5) the higher education supplemental retirement plan, established by chapter 354C; and

(6) a defined contribution relief association, as defined under section 424A.001, subdivision 1c.

(b) If the participant dies before the required minimum distribution begins, the participant's account must be distributed in a lump sum no later than as follows:

(1) if the participant's account balance is payable to an eligible designated beneficiary, the distribution must be made by December 31 of the calendar year immediately following the calendar year in which the participant died. If the eligible designated beneficiary is the surviving spouse, the surviving spouse may elect to delay payment until December 31 of the calendar year in which the participant would have attained the participant's required beginning date. Effective for calendar years beginning after December 31, 2023, a surviving spouse who is the member's sole designated beneficiary may elect to be treated as if the surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal Revenue Code;

(2) if the participant's account balance is payable to a beneficiary that is not a designated beneficiary, the participant's account must be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death; or

(3) if the participant's account balance is payable to a designated beneficiary who is not an eligible designated beneficiary, the participant's account must be distributed by December 31 of the calendar year containing the tenth anniversary of the participant's death.

(c) Upon the death of the participant after distribution of the participant's account balance begins, any remaining portion of the participant's account balance shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the participant's death, provided that the portion of the participant's account balance payable to a designated beneficiary who is not an eligible designated beneficiary must be distributed in its entirety by December 31 of the calendar year containing the tenth anniversary of the participant's death.

(d) Upon the death of an eligible designated beneficiary, or the attainment of the age of majority of an eligible designated beneficiary who is a minor child of the participant, before distribution of the participant's entire account balance under paragraphs (b) or (c), the remainder of the participant's account balance shall be distributed by December 31 of the calendar year containing the tenth anniversary of the eligible designated beneficiary's death, or by December 31 of the calendar year in which the child attains the age of majority plus ten years, as applicable.

(e) Notwithstanding any other provisions of this subdivision, a participant or beneficiary, who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of Section 401(a)(9)(I) of the Internal Revenue Code, and who would have satisfied that requirement by receiving a distribution that satisfies the required minimum distribution for 2020, will receive that distribution unless the participant or beneficiary chooses not to receive the distribution. Solely for purposes of applying the direct rollover provisions of section 356.633, such distributions will be treated as eligible rollover distributions in 2020.

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

Sec. 12. **[356.636] CORRECTION OF ERRORS.**

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

(b) "Pension fund" means the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, and the St. Paul Teachers Retirement Fund Association.

(c) "Tax qualification" means compliance with all applicable requirements of section 401(a) or 457(b) of the Internal Revenue Code.

Subd. 2. **Correction of errors.** (a) The executive director of a pension fund may correct an operational, demographic, or employer or employee eligibility error, or an error in a plan document that is not a statute if the executive director determines that correction is necessary or appropriate to preserve and protect the tax qualification of any pension or retirement plan listed in section 356.611, subdivision 6, that is part of the pension fund. The method of correction must comply with the Internal Revenue Service Employee Plans Compliance Resolution System (EPCRS) or any successor thereto, if the EPCRS addresses the error and correction.

(b) To the extent deemed necessary by the executive director to implement correction, the executive director may:

(1) make distributions;

(2) transfer assets;

(3) recover an overpayment by reducing future benefit payments or designating appropriate revenue or source of funding that will restore to the plan the amount of the overpayment; or

(4) take any other action that will restore the plan and any affected member or participant to the position the plan, member, or participant would have been in had the error not occurred.

(c) An executive director may correct an error under paragraph (a) or (b) without regard to any statute that imposes a time limitation on making such correction.

Subd. 3. **Annual report.** The executive director of each pension fund must report annually, no later than each February 1, to the chair and executive director of the Legislative Commission on Pensions and Retirement on whether the executive director of the pension fund corrected any operational, demographic, employer or employee eligibility, or plan document error during the preceding calendar year. The report must describe the error, the pension or retirement plan affected by the error, the method of correction, and the cost, if any, to the pension or retirement plan, employee, or employer of the error and correction.

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

Sec. 13. **WORK GROUP ON AMORTIZATION.**

Subdivision 1. **Work group established.** The executive director of the Legislative Commission on Pensions and Retirement (commission executive director) must convene a work group for the purpose of recommending legislation amending Minnesota Statutes, section 356.215, subdivision 11, that will update the statute to conform to current actuarial best practices for amortizing liabilities.

Subd. 2. **Membership.** (a) The members of the work group are the following:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee and a second member of the Minnesota State Retirement System staff designated by the executive director;

(2) the executive director of the Public Employees Retirement Association or the executive director's designee and a second member of the Public Employees Retirement Association staff designated by the executive director;

(3) the executive director of the Teachers Retirement Association or the executive director's designee and a second member of the Teachers Retirement Association staff designated by the executive director; and

(4) the executive director of the St. Paul Teachers Retirement Fund Association, designated by the executive director of the St. Paul Teachers Retirement Fund Association or the executive director's designee.

(b) The commission executive director may invite others, including the commission's actuary, to participate in one or more meetings of the work group.

(c) The organizations specified in paragraph (a) must provide the commission executive director with the names and contact information for the representatives who will serve on the work group by June 14, 2024.

Subd. 3. **Scope.** In arriving at the work group's recommendation for legislation or alternatives for legislation, the work group must consider:

(1) layered amortization;

(2) whether amortization policy should be regulated by statute, addressed in an appendix to the commission's standards for actuarial work, or documented elsewhere;

(3) whether all pension plans must employ the same approach to amortization;

(4) whether the proposed legislation will result in any cost to the pension funds and, if so, estimates of the cost; and

(5) whether changes to amortization will require the approval of the Legislative Commission on Pensions and Retirement.

Subd. 4. **Due date for submitting recommendation to the commission.** The commission executive director must submit the recommendation of the work group to the chair of the Legislative Commission on Pensions and Retirement by January 10, 2025.

Subd. 5. **Meetings.** (a) The commission executive director must convene the first meeting of the work group no later than August 1, 2024, and will serve as chair.

(b) Meetings may be conducted remotely or in person or a combination of remotely and in person.

(c) In-person meetings must be held in the offices of the Legislative Coordinating Commission or in the Retirement Systems of Minnesota Building in St. Paul.

Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve without compensation.

(b) Participation in the work group is not lobbying under Minnesota Statutes, chapter 10A.

(c) An individual's employer or an association of which an individual is a member must not retaliate against the individual because of the individual's participation in the work group.

Subd. 7. **Administrative support.** Commission staff must provide administrative support for the work group.

Subd. 8. **Expiration.** The work group expires June 30, 2025.

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

Sec. 14. **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.

<u>Column A</u>	<u>Column B</u>
<u>356.631</u>	<u>356.648</u>
<u>356.99</u>	<u>356.637</u>

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

Sec. 15. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall delete the reference in column A and insert the reference in column B.

<u>Column A</u>	<u>Column B</u>
<u>356.635, subdivision 1</u>	<u>356.635, subdivision 1a</u>
<u>356.635, subdivision 3</u>	<u>356.633, subdivision 2</u>
<u>356.635, subdivision 4</u>	<u>356.633, subdivision 1, paragraph (c)</u>
<u>356.635, subdivision 5</u>	<u>356.633, subdivision 1, paragraph (c)</u>
<u>356.635, subdivision 6</u>	<u>356.633, subdivision 1, paragraph (b)</u>
<u>356.635, subdivision 7</u>	<u>356.633, subdivision 1, paragraph (a)</u>
<u>356.635, subdivision 8</u>	<u>356.614</u>
<u>356.635, subdivision 9a</u>	<u>356.612, subdivision 1</u>
<u>356.635, subdivision 10</u>	<u>356.612, subdivision 2</u>
<u>356.635, subdivision 11</u>	<u>356.612, subdivision 3</u>
<u>356.635, subdivision 12</u>	<u>356.612, subdivision 4</u>
<u>356.635, subdivision 13</u>	<u>356.636, subdivision 2</u>

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

Sec. 16. **REPEALER.**

Minnesota Statutes 2022, section 356.635, subdivisions 3, 4, 5, 6, 7, 8, 9a, 10, 11, 12, and 13, are repealed.

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

ARTICLE 9**STATE AID CLARIFICATION**

Section 1. Minnesota Statutes 2022, section 353.65, subdivision 3b, is amended to read:

Subd. 3b. **Direct state aid.** (a) The state ~~shall~~ must pay \$4,500,000 on October 1, 2018, and October 1, 2019, to the public employees police and fire retirement plan. By October 1 of each year

after 2019, the state ~~shall~~ must pay \$9,000,000 to the public employees police and fire retirement plan. The commissioner of management and budget ~~shall~~ must pay the aid specified in this subdivision. The amount required is annually appropriated from the general fund to the commissioner of management and budget.

(b) The aid under paragraph (a) continues until the earlier of:

(1) the first day of the fiscal year following ~~the three consecutive fiscal year~~ years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 2. Minnesota Statutes 2022, section 354.435, subdivision 4, is amended to read:

Subd. 4. **Aid expiration.** The aid amounts specified in this section ~~shall~~ must continue until the earlier of:

(1) the first day of the fiscal year following ~~the three consecutive fiscal year~~ years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 3. Minnesota Statutes 2022, section 354.436, subdivision 3, is amended to read:

Subd. 3. **Aid expiration.** The aid amounts specified in this section continue until the earlier of:

(1) the first day of the fiscal year following ~~the three consecutive fiscal year~~ years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 4. Minnesota Statutes 2022, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Direct state aid to ~~first class city teachers retirement fund associations~~ St. Paul Teachers Retirement Fund Association.** (a) The state ~~shall~~ must pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) In addition to other amounts specified in this subdivision, the state ~~shall~~ must pay \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(c) In addition to the amounts specified in paragraphs (a) and (b), the state ~~shall~~ must pay \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(d) The aid under this subdivision is payable October 1 annually. The commissioner of management and budget ~~shall~~ must pay the aid specified in this subdivision. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

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

Sec. 5. Minnesota Statutes 2022, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** ~~(a)~~ The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and the aid under subdivision 3a, paragraphs (a) ~~and (b)~~, to (c), continue until the earlier of:

(1) the first day of the fiscal year following ~~the year~~ three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liability as reported by the actuary retained under section 356.214 in the ~~most recent~~ annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

~~(b) The aid under subdivision 3a, paragraph (c), continues until the earlier of:~~

~~(1) the first day of the fiscal year following the fiscal year in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or~~

~~(2) July 1, 2048.~~

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

Sec. 6. Minnesota Statutes 2022, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid and additional amortization state aid programs continue until the earlier of:

(1) the December 31 following ~~the end of the~~ three consecutive fiscal year years in which, for each fiscal year, the actuarial value of assets of the St. Paul Teachers Retirement Fund Association or the Teachers Retirement Association equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation report prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 7. Minnesota Statutes 2022, section 423A.022, subdivision 5, is amended to read:

Subd. 5. **Aid termination.** (a) The aid under subdivision 2, paragraph (a), clauses (1) and (3), continues until the earlier of:

(1) the December 1 following ~~the end of the three consecutive fiscal year~~ years in which, for each fiscal year, the actuarial value of assets of both the State Patrol retirement plan and the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

(b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

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

Sec. 8. Minnesota Statutes 2023 Supplement, section 477B.02, subdivision 3, is amended to read:

Subd. 3. **Benefits requirements.** (a) The fire department must ~~have a separate subsidiary incorporated firefighters'~~

(1) be associated with a volunteer firefighter relief association that provides retirement benefits ~~or must;~~

(2) participate in the statewide volunteer firefighter plan; ~~or if the municipality solely employs~~

(3) have retirement coverage under the public employees police and fire retirement plan for the department's full-time firefighters, as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan or the fire department's part-time firefighters, or the fire department's full-time firefighters and part-time firefighters; or

(4) satisfy either clauses (1) and (3) or clauses (2) and (3).

(b) For purposes of retirement benefits, a fire department may be associated with only one volunteer ~~firefighters'~~ firefighter relief association or one account in the ~~voluntary~~ statewide volunteer firefighter retirement plan at one time.

~~(b)~~ (c) Notwithstanding paragraph (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.

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

ARTICLE 10**CHANGES TO EXECUTIVE DIRECTOR QUALIFICATIONS AND COMPENSATION**

Section 1. Minnesota Statutes 2022, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. **Executive director.** (a) **Appointment.** The board ~~shall~~ must appoint an executive director on the basis of education, experience in the retirement field, ability to manage and lead system staff, and leadership ability to assist the board in setting a vision for the system. The executive director must have had at least five ~~years~~ years of experience in either an executive-level executive-level management position, which has included responsibility for pensions, deferred compensation, or employee benefits or a position with responsibility for the governance, management, or administration of a retirement plan. The executive director serves at the pleasure of the board. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must set the salary of the executive director with reference to a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director, which must not exceed the limit for a position listed in section 15A.0815, subdivision 2 maximum for the salary range.

(b) **Duties.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate, with the approval of the board, up to two persons who may serve in the unclassified service and whose salaries are set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the control of, and under such conditions as, the executive director may prescribe;
- (6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director. In addition to filing requirements under section 356.214, any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement.

Copies of professional management survey reports shall be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;

(7) with the approval of the board provide in-service training for the employees of the association;

(8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, as provided in this chapter;

(9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

(10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the Department of Management and Budget for approval by the commissioner;

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit; and notwithstanding section 353.27, subdivision 7, may waive the payment of accrued interest to the member if a credit has been taken by the employer to correct an employee deduction taken in error and if the accrued interest is \$10 or less. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

(14) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business.

Sec. 2. Minnesota Statutes 2023 Supplement, section 354.06, subdivision 2, is amended to read:

Subd. 2. **President; executive director.** The board must annually elect one of its members as president. It must elect an executive director. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must set the salary of the executive director with reference to a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director, which must not exceed the limit for a position listed in section 15A.0815, subdivision 2 maximum for the salary range. The executive director ~~shall~~ must serve at the pleasure of the board and be the executive officer of the board, with the duties prescribed in subdivision 2a and any additional duties that the

board may prescribe. The board must employ all other clerks and employees necessary to properly administer the association. The board must appoint an executive director on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director must have had at least five years of experience in either an executive-level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 to 2 are effective the day following final enactment.

ARTICLE 11

**ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
TECHNICAL CHANGES**

Section 1. Minnesota Statutes 2022, section 354A.011, subdivision 7, is amended to read:

Subd. 7. **Association.** "Association" or "teachers retirement fund association" means the ~~applicable teachers retirement fund association~~ St. Paul Teachers Retirement Fund Association established pursuant to this chapter.

Sec. 2. Minnesota Statutes 2022, section 354A.021, subdivision 2, is amended to read:

Subd. 2. **Organization; board duties.** (a) ~~Each~~ The teachers retirement fund association ~~shall~~ must be organized and governed pursuant to this chapter and chapter 317A, except that ~~each~~ the association ~~shall~~ must be deemed to be a nonprofit corporation without coming within the definition in section 317A.011, subdivision 6. Any corporate action of any teachers retirement fund association taken prior to April 9, 1976, ~~shall~~ must be deemed to be valid if it conformed with Minnesota Statutes 1976, chapter 317 or 354A, or Revised Laws 1905, chapter 58, as amended through April 9, 1976.

(b) In addition to the other powers and duties of ~~a~~ the board of trustees of ~~a first class city teacher~~ the teachers retirement fund association, the board ~~shall~~ must approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; ~~shall~~ must establish the schedule for implementation of the approved factors; and ~~shall~~ must notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

Sec. 3. Minnesota Statutes 2022, section 354A.021, subdivision 3, is amended to read:

Subd. 3. **Fund.** Within ~~each~~ the teachers retirement fund association there ~~shall~~ must be created a special retirement fund, which ~~shall~~ must include all of the assets of the teachers retirement fund association other than assets of a tax-sheltered annuity program and fund authorized pursuant to subdivision 5 which were acquired for the specific purpose of being credited to that fund. The special retirement fund ~~shall~~ must be credited with all employee and employer contributions, all interest and all other income authorized by law. Within the special retirement fund there may be established separate special retirement fund accounts for the purpose of providing convenience in the funding of and accounting for retirement annuities and any authorized ancillary benefits.

Sec. 4. Minnesota Statutes 2022, section 354A.021, subdivision 6, is amended to read:

Subd. 6. **Trustees' fiduciary obligation.** The trustees ~~or directors~~ of ~~each~~ the teachers retirement fund association ~~shall~~ must administer ~~each~~ the fund in accordance with the applicable portions of this chapter, of the articles of incorporation, of the bylaws, and of chapters 356 and 356A. The purpose of this subdivision is to establish ~~each~~ the teachers retirement fund association as a trust under the laws of the state of Minnesota for all purposes related to section 401(a) of the Internal Revenue Code of the United States, including all amendments.

Sec. 5. Minnesota Statutes 2022, section 354A.021, subdivision 7, is amended to read:

Subd. 7. **Actuarial consultant.** The board of trustees ~~or directors~~ of ~~each~~ the teachers retirement fund association may contract for the services of an approved actuary and fix the reasonable compensation for those services. Any approved actuary retained by the board ~~shall~~ must function as the actuarial advisor to the board and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies must be filed with the executive director of the Legislative Commission on Pensions and Retirement.

Sec. 6. Minnesota Statutes 2022, section 354A.021, subdivision 8, is amended to read:

Subd. 8. **Audit by state auditor.** The books and accounts of ~~each~~ the teachers retirement fund association must be examined and audited periodically as considered necessary by the state auditor. A full and detailed report of the examination and audit must be made and a copy provided to the teachers retirement fund association board of trustees. The cost of any examination and audit must be paid by the teachers retirement fund association in accordance with section 6.56. For purposes of section 6.56, ~~each~~ the teachers retirement fund association is considered a local governmental entity equivalent to a county, city, town, or school district.

Sec. 7. Minnesota Statutes 2022, section 354A.021, subdivision 9, is amended to read:

Subd. 9. **Updated articles of incorporation and bylaws; filing.** (a) On or before July 1, 2006, and within six months of the date of the approval of any amendment to the articles of incorporation or bylaws, the chief administrative officer of ~~each first-class-city teacher~~ the teachers retirement fund association ~~shall~~ must prepare and publish an updated compilation of the articles of incorporation and the bylaws of the association.

(b) The chief administrative officer of the ~~first-class-city teacher~~ teachers retirement fund association must certify the accuracy and the completeness of the compilation.

(c) The compilation of the articles of incorporation and bylaws of a ~~first-class-city teacher~~ the teachers retirement fund association must contain an index.

(d) The compilation must be made available to association members and other interested parties. The association may charge a fee for a copy that reflects the price of printing or otherwise producing the copy. ~~Two copies of~~ The compilation must be filed, without charge, by ~~each~~ the teachers retirement fund association with the ~~Legislation~~ Legislative Commission on Pensions and Retirement, the Legislative Reference Library, the state auditor, the commissioner of education, the chancellor

of the Minnesota State Colleges and Universities system, and the superintendent of the applicable school district Independent School District No. 625, St. Paul. The compilation may be filed by email.

(e) ~~A first class city teacher~~ The teachers retirement fund association may contract with the revisor of statutes for the preparation of the compilation.

(f) If ~~a first class city teacher~~ the teachers retirement fund association makes an updated copy of its articles of incorporation and bylaws available on its website, the teachers retirement fund association is not obligated to file a hard copy of the documents under paragraph (d) for the applicable filing period.

Sec. 8. Minnesota Statutes 2022, section 354A.05, is amended to read:

354A.05 MEMBERSHIP IN A TEACHERS RETIREMENT ASSOCIATION IN ST. PAUL.

Teachers contributing to the ~~respective~~ teachers retirement fund association, as provided in this chapter and the articles of incorporation and the bylaws of the association, are entitled to the benefit of coverage by or entitlement to annuities or benefits from the association. All teachers ~~in a city of the first class in which there exists a teachers retirement fund association~~ of Independent School District No. 625, St. Paul, are members of ~~that~~ the teachers retirement fund association and participate in the benefits provided by the special retirement fund.

Sec. 9. Minnesota Statutes 2022, section 354A.091, is amended to read:

354A.091 TEACHERS ON EXTENDED LEAVE.

Subdivision 1. **Retirement contributions.** Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of ~~an~~ the association relating to the salary figure to be used for the determination of contributions or the accrual of service credit an elementary, secondary, or technical college teacher ~~in the public schools of a city of the first class~~ Independent School District No. 625, St. Paul, who is granted an extended leave of absence pursuant to section 122A.46, or a teacher who is granted an extended leave of absence under section 136F.43, may pay employee contributions to the applicable association and ~~shall~~ must be entitled to receive allowable service credit in ~~that~~ the association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to ~~that~~ the association during the period of leave which shall not exceed five years. The state ~~shall~~ must not make an employer contribution on behalf of the teacher. The employee and employer contributions ~~shall~~ must be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section ~~shall~~ must be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Subd. 2. **Membership retention.** A teacher on extended leave under either section 122A.46 or 136F.43 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to subdivision 1 ~~shall~~ must retain membership in the association for each

year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Subd. 3. **Effect of nonpayment.** A teacher on extended leave under either section 122A.46 or 136F.43 who does not make employee contributions or whose employer contribution is not made to the ~~applicable~~ teachers retirement fund association in any year ~~shall~~ must be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that year for purposes of this chapter and the articles of incorporation and bylaws of the association, and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of contributions into the fund ~~shall~~ must not affect the rights or obligations of the teacher or the employing school district under section 122A.46 or the Minnesota State Colleges and Universities system under section 136F.43.

Subd. 4. **Failure to resume service.** If a teacher who has made employee contributions to the ~~applicable~~ teachers retirement fund association for the agreed maximum duration of an extended leave does not resume teaching service in the first school year after that maximum duration has elapsed, the teacher ~~shall~~ must be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that first school year after that maximum duration has elapsed for purposes of this chapter and the articles of incorporation and bylaws of the association.

Subd. 5. **Applicability.** The provisions of this section ~~shall~~ must not apply to a teacher who is discharged pursuant to section 122A.41 while the teacher is on an extended leave of absence pursuant to section 122A.46. The provisions of this section also do not apply to a teacher who is discharged for cause while the teacher is on an extended leave of absence under section 136F.43.

Subd. 6. **Exclusive coverage.** A teacher who makes employee contributions to and receives allowable service credit in the ~~applicable teacher's~~ teachers retirement fund association pursuant to this section may not make employee contributions or receive allowable service credit for the same period of time in any other Minnesota public employee pension plan, except a volunteer firefighters relief association governed by sections 424A.091 to 424A.096 or the statewide volunteer firefighter plan governed by chapter 353G. This subdivision ~~shall~~ must not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable service credit pursuant to section 354.094 or this section while on an extended leave of absence under either section 122A.46 or 136F.43.

Sec. 10. Minnesota Statutes 2022, section 354A.094, is amended to read:

354A.094 QUALIFIED PART-TIME TEACHERS; PARTICIPATION IN FUND.

Subdivision 1. **Teachers, defined.** For purposes of this section, the term "teachers" ~~shall have~~ has the meaning given in section 122A.15, subdivision 1, except that the term ~~shall~~ must not include superintendents.

Subd. 2. **Part-time teaching position, defined.** For purposes of this section, the term "part-time teaching position" ~~shall mean~~ means a teaching position within ~~the district~~ Independent School District No. 625, St. Paul, in which the teacher is employed for at least 50 full days or a fractional equivalent of 50 full days calculated using the appropriate minimum number of hours which would result in a full day of service credit by the ~~appropriate~~ association and for which the teacher is compensated in an amount not to exceed 80 percent of the compensation rate established by the board for a full-time teacher with identical education and experience within the district.

Subd. 3. **Qualified part-time teacher program participation requirements.** (a) A teacher in ~~the public schools of a city of the first class~~ Independent School District No. 625, St. Paul, who is vested, or who has combined years of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, and Minnesota State Colleges and Universities system at least equal to the number of years specified for vesting in the ~~applicable first class city teacher plan association~~, may, by agreement with the board of the ~~employing~~ district, be assigned to teaching service within the district in a part-time teaching position. The agreement must be executed before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4. A copy of the executed agreement must be filed with the executive director of the ~~teachers~~ retirement fund association. If the copy of the executed agreement is filed with the association after October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4, the ~~employing~~ school district ~~shall~~ must pay a fine of \$5 for each calendar day that elapsed since the October 1 due date. The association may not accept an executed agreement that is received by the association more than 15 months late. The association may not waive the fine required by this section.

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the ~~applicable~~ teachers retirement fund association by March 1.

Subd. 4. **Retirement contributions.** Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of ~~an~~ the association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position under this section ~~shall~~ must continue to make employee contributions to and to accrue allowable service credit in the ~~applicable~~ association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the ~~applicable~~ association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the ~~applicable~~ association on behalf of the teacher ~~shall~~ must be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354A.12, subdivision 2a. The employee and employer contributions ~~shall~~ must be based upon the rates of

contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 ~~shall~~ must not continue for a period longer than ten years.

Subd. 5. **Limits on outside coverage.** A teacher entitled to full membership, accrual of allowable service credit and employee contributions for part time teaching service pursuant to this section ~~shall~~ must not be entitled during the same period of time to be a member of, accrue allowable service credit in or make employee contributions to any other Minnesota public pension plan, except a volunteer firefighters relief association governed by sections 424A.091 to 424A.096 or the statewide volunteer firefighter plan governed by chapter 353G.

Subd. 6. **Insurance.** ~~A~~ The board of an employing district Independent School District No. 625, St. Paul, entering into an agreement authorized by this section ~~shall~~ must take all steps necessary to assure continuance of any insurance programs furnished or authorized a full-time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section.

Subd. 7. **Qualification.** Only teachers who are in the bargaining unit as defined in section 179A.03, subdivision 7, during the year preceding the period of part time employment pursuant to this section shall qualify for full membership in, accrual of service credit from, and employee contributions to ~~a~~ the teachers retirement fund association for part time teaching service pursuant to subdivision 4. Notwithstanding the provisions of section 179A.03, subdivision 14, paragraph (a), clauses (5) and (6), teachers who are employed on a part time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, shall continue to be in the bargaining unit during the period of part time employment pursuant to this section for purposes of compensation, fringe benefits and the grievance procedure.

Subd. 8. **One district limit.** No teacher shall qualify for full membership in, accrual of service credit from and employee contributions to the Teachers Retirement Association or ~~a~~ the teachers retirement fund association for part time teaching service pursuant to subdivision 4 or section 354.66, subdivision 4, in more than one district at the same time. No teacher shall qualify for full membership in, accrual of service credit from and employee contributions to ~~a~~ the teachers retirement fund association during part time employment in ~~a district~~ Independent School District No. 625, St. Paul, pursuant to this section in any year if the teacher also takes a full time or part time teaching position in another Minnesota school district.

Subd. 10. **Nonqualified part-time positions.** Nothing in this section shall be construed to limit the authority of a school board to assign a teacher to a part time teaching position which does not qualify for employee contributions to ~~a~~ the teachers retirement fund association pursuant to this section.

Subd. 11. **Substitute teaching; no coverage overlap.** Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for full membership in, accrual of service credit from and employee contributions to ~~a~~ the teachers retirement fund association pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of ~~a retirement~~ the association, a teacher may not pay retirement contributions or receive allowable service credit in the ~~funds~~ association for other teaching service rendered for any part of any year for which the teacher qualifies for full membership in, accrual of service credit from and employee contributions to the Teachers

Retirement Association or a ~~the~~ teachers retirement fund association pursuant to section 354.66 or this section.

Subd. 12. **Information supplied by district.** ~~Each school district covered by the provisions of this chapter shall~~ Independent School District No. 625, St. Paul, must furnish to the ~~appropriate~~ teachers retirement fund association whatever information and reports deemed necessary by the board of trustees of the ~~applicable~~ teachers retirement fund association to administer the provisions of this section.

Sec. 11. Minnesota Statutes 2022, section 354A.12, subdivision 5, is amended to read:

Subd. 5. **Reporting and remittance requirements.** (a) ~~Each~~ The employing unit ~~shall~~ must provide to the ~~appropriate~~ teachers retirement fund association the following member data regarding all new or returning employees before the employee's first payroll date in a format approved by the executive secretary or director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur. Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and Social Security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, or exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence; and

(7) other information as may be required by the association.

(b) ~~Each~~ The employing unit ~~shall~~ must provide the following data to the ~~appropriate~~ association for each payroll cycle in a format approved by the executive secretary or director:

(1) an association member number;

(2) employer-assigned employee number;

(3) Social Security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354A.011, subdivision 24, from which each deduction was made;

- (6) reason for payment;
- (7) service credit;
- (8) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (9) fiscal year of salary earnings;
- (10) total remittance amount including employee, employer, and employer additional contributions; and
- (11) other information as may be required by the association.

(c) On or before August 1 each year, ~~each~~ the employing unit must report to the ~~appropriate~~ association giving an itemized summary for the preceding 12 months of the total amount that was withheld from the salaries of teachers for deductions and all other information required by the association.

(d) ~~An~~ If the employing unit that does not comply with the reporting requirements under this section ~~shall~~, the employing unit must pay a fine of \$5 per calendar day until the association receives the required member data.

(e) ~~An~~ The employing unit shall must remit all amounts that are due to the association and ~~shall~~ must furnish for each pay period an itemized statement indicating the total amount that is due and is transmitted with any other information required by the association. All amounts due and other employer obligations that are not remitted within 30 days of notification by the association must be certified by the director or secretary to the commissioner of management and budget, who ~~shall~~ must deduct the amount from any state aid or appropriation amount applicable to the employing unit and ~~shall~~ must transmit the deducted amount to the ~~applicable~~ association.

Sec. 12. Minnesota Statutes 2022, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

- (1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;
- (2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;
- (3) was not a recipient of an early retirement incentive under section 136F.481;
- (4) begins drawing an annuity from ~~a first-class city~~ the teachers retirement fund association; and
- (5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than \$62,000 in a calendar year through the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in ~~a first-class city~~ the teachers retirement fund association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 13. Minnesota Statutes 2022, section 354A.32, subdivision 1a, is amended to read:

Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant has selected a joint and survivor annuity option under subdivision 1 after June 30, 1989, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options elected before July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph may not be interpreted as authorizing retroactive payments.

(c) Unless otherwise specified in this subdivision, the restoration of the normal single life annuity under this subdivision takes effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the ~~appropriate~~ teachers retirement fund association, whichever date is later.

Sec. 14. **REVISOR INSTRUCTION.**

In Minnesota Statutes, chapter 354A, the revisor of statutes must change the term "a teachers retirement fund association" to "the teachers retirement fund association" wherever the term appears. The revisor must make any necessary grammatical changes or changes to sentence structure necessary to preserve the meaning of the text as a result of the changes.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective the day following final enactment.

ARTICLE 12

MISCELLANEOUS CHANGES

Section 1. Minnesota Statutes 2022, section 353.27, subdivision 4, is amended to read:

Subd. 4. **Employer reporting requirements; contributions; member status.** (a) A representative authorized by the head of each department shall ~~must~~ deduct employee contributions from the salary of each public employee who qualifies for membership in the general employees retirement plan ~~of the Public Employees Retirement Association or in~~ the public employees police and fire retirement plan under this chapter ~~or, the public employees defined contribution plan under~~ chapter 353D, or the local government correctional service retirement plan under chapter 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is paid. The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions and the required employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period to the association a salary deduction report in the format prescribed by the executive director. The report must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of \$5 per calendar day until the association receives the required data. Data required as part of salary deduction reporting must include, but are not limited to:

(1) the legal names and Social Security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made, including a breakdown of the portion of the salary that represents overtime pay that the employee was paid for additional hours worked beyond the regularly scheduled hours, pay for unused compensatory time, and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods as authorized by the executive director.

(c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the general employees retirement plan ~~of the Public Employees Retirement Association or in~~ the public employees police and fire retirement plan, the public employees defined contribution plan, or the local government correctional service retirement plan in the format prescribed by the executive director. The required enrollment data on new members must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. Also, the employer shall report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails

to comply with the reporting requirements under this paragraph, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(e) Notwithstanding paragraph (a), the executive director may provide for less frequent reporting and payments for small employers.

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

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

Sec. 2. Minnesota Statutes 2022, section 353.87, subdivision 1, is amended to read:

Subdivision 1. **Participation.** ~~Except as provided in subdivision 2,~~ A volunteer firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was a member of, and a participant in, the general employees retirement fund or the public employees police and fire fund and was making contributions to either of those funds based, at least in part, on compensation for services performed as a volunteer firefighter shall continue as a member of, and a participant in, the general employees retirement fund or the public employees police and fire fund and compensation for services performed as a volunteer firefighter must be considered salary.

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

Sec. 3. Minnesota Statutes 2022, section 356.215, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax-supported retirement and pension plans for public employees. To achieve this goal, the actuary retained under section 356.214 shall prepare annual actuarial valuations, as of the beginning of each fiscal year, of the retirement plans enumerated in section 356.214, subdivision 1, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 356.214, subdivision 1, paragraph (b), clauses (1), (2), and (6).

(b) The governing ~~or managing~~ board or ~~administrative officials~~ executive director of each public pension and retirement plan enumerated in section 356.20, subdivision 2, clauses (7), (9), and (10), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any plan that is the successor to

any organization enumerated in section 356.20, subdivision 2, or to the governing ~~or managing~~ board or chief administrative officials officer of any newly formed retirement fund, plan, or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire relief association to which section 356.216 applies.

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

Sec. 4. Minnesota Statutes 2022, section 356.215, subdivision 3, is amended to read:

Subd. 3. **Reports.** (a) ~~The actuarial valuations required annually must be made as of the beginning of each fiscal year.~~

~~(b) Two copies of the completed valuation governing board or executive director of each public pension plan required to prepare an annual valuation under subdivision 2 must be delivered deliver the annual valuation to the executive director of the Legislative Commission on Pensions and Retirement, to the commissioner of management and budget, and to the Legislative Reference Library. The copies of the actuarial valuation must be filed with the executive director of the Legislative Commission on Pensions and Retirement, the commissioner of management and budget, and the Legislative Reference Library no later than the last day of the sixth month occurring after the end of the previous fiscal year. The annual valuation may be delivered by email.~~

~~(c) Two copies of a (b) The governing board or executive director of each public pension plan required to prepare a quadrennial experience study under subdivision 2 must deliver the quadrennial experience study must be filed with to the executive director of the Legislative Commission on Pensions and Retirement, with the commissioner of management and budget, and with the Legislative Reference Library, not no later than the last day of the 12th month occurring after the end of the last fiscal year of the four-year period which covered by the experience study eovers. The quadrennial experience study may be delivered by email.~~

~~(d) For actuarial valuations and experience studies prepared at the direction of the Legislative Commission on Pensions and Retirement, one copy of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.~~

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

Sec. 5. Minnesota Statutes 2022, section 356A.06, subdivision 5, is amended to read:

Subd. 5. **Investment business recipient disclosure.** The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the State Board of Investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the executive director of the Legislative Commission on Pensions and Retirement within 90 days after the close of the fiscal year of the plan. For the State Board of Investment and ~~a first class city teacher retirement fund association~~ the St.

Paul Teachers Retirement Fund Association, a disclosure document included as part of a regular annual report of the board or of the first class city teacher retirement fund association when filed with the executive director of the Legislative Commission on Pensions and Retirement is considered to have been filed on a timely basis. An officer or member of the board of trustees of a covered pension plan governed by sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association may file the disclosure document with the executive director of the Legislative Commission on Pensions and Retirement by email.

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

Sec. 6. **REPEALER.**

Minnesota Statutes 2022, sections 353.86; and 353.87, subdivisions 2, 3, and 4, are repealed effective August 1, 2024.

ARTICLE 13

ONETIME APPROPRIATIONS AND FUND TRANSFERS

Section 1. **TRANSFER TO THE IRAP TO TRA TRANSFER ACCOUNT; APPROPRIATION.**

(a) \$1,458,000 in fiscal year 2025 is transferred from the general fund to the IRAP to TRA transfer account established under Minnesota Statutes, section 354B.215, subdivision 11. This is a onetime transfer.

(b) Money in the IRAP to TRA transfer account is appropriated to the Board of Trustees of the Minnesota State Colleges and Universities to reduce the cost of service credit purchases by eligible persons who transfer coverage from the individual retirement account plan to the Teachers Retirement Association under Minnesota Statutes, section 354B.215. This is a onetime appropriation.

Sec. 2. **TRANSFERS; ONETIME DIRECT STATE AID.**

(a) \$28,462,200 in fiscal year 2025 is transferred from the general fund to the Teachers Retirement Association. This transfer must be made no later than October 1, 2024. This is a onetime transfer.

(b) \$1,537,800 in fiscal year 2025 is appropriated from the general fund to the commissioner of management and budget to pay, no later than October 1, 2024, onetime state aid to the St. Paul Teachers Retirement Fund Association. This is a onetime appropriation."

Delete the title and insert:

"A bill for an act relating to retirement; accelerating the effective date from July 1, 2025, to July 1, 2024, for the change in the normal retirement age for the teachers retirement association from 66 to 65; reducing the employee contribution rates for two years by 0.25 percent for St. Paul Teachers Retirement Fund Association; extending the suspension of earnings limitation for retired teachers who return to teaching; authorizing eligible employees of Minnesota State Colleges and Universities who are members of the higher education individual retirement account plan to elect coverage by the Teachers Retirement Association and purchase past service credit; implementing the

recommendations of the State Auditor's volunteer firefighter working group; adding a defined contribution plan and making other changes to the statewide volunteer firefighter plan; modifying requirements for electing to participate in the public employees defined contribution plan; increasing the multiplier in the benefit formula for prospective service and increasing employee and employer contribution rates for the local government correctional service retirement plan; eliminating the workers' compensation offset for the Public Employees Retirement Association general and correctional plans; clarifying eligibility for firefighters in the public employees police and fire plan; making changes of an administrative nature for plans administered by the Minnesota State Retirement System; authorizing employees on a H-1B, H-1B1, or E3 visa to purchase service credit for a prior period of employment when excluded from the general state employees retirement plan; codifying the right to return to employment and continue receiving an annuity from the State Patrol plan; adding additional positions to the list of positions eligible for the correctional state employees retirement plan coverage and permitting the purchase of past service credit; establishing a work group on correctional state employees plan eligibility; modifying the Minnesota Secure Choice retirement program by permitting participation by home and community-based services employees; modifying requirements for Minnesota Secure Choice retirement program board of directors; allowing employer matching contributions on an employee's qualified student loan payments under Secure 2.0 and modifying investment rates of return and fee disclosure requirements and other provisions for supplemental deferred compensation plans; resolving a conflict in the statute setting the plans' established date for full funding and establishing an amortization work group; restructuring statutes applicable to tax-qualified pension and retirement plans that impose requirements under the Internal Revenue Code; modifying the authority of pension fund executive directors to correct operational and other errors and requiring an annual report; changing the expiration date for state aids by requiring three years at 100 percent funded rather than one year before the state aid expires; making other administrative and conforming changes; appropriating money to the IRAP to TRA transfer account, the Teachers Retirement Association, and St. Paul Teachers Retirement Association; amending Minnesota Statutes 2022, sections 352.01, subdivision 13; 352.03, subdivision 5; 352.113, subdivision 1; 352.1155, subdivision 3; 352.12, subdivisions 1, 2, 2b, 7, 8; 352.95, subdivision 4; 353.028, subdivisions 1, 2, 3, 5; 353.03, subdivision 3a; 353.27, subdivision 4; 353.33, subdivisions 7, 7a; 353.64, subdivisions 1, 2, 4, 5a; 353.65, subdivision 3b; 353.87, subdivision 1; 353D.02, as amended; 353E.03; 353E.04, subdivision 3; 353E.06, subdivision 6; 353G.01, subdivisions 9, 9a, 11, by adding subdivisions; 353G.05, as amended; 353G.08, subdivision 2; 354.435, subdivision 4; 354.436, subdivision 3; 354A.011, subdivision 7; 354A.021, subdivisions 2, 3, 6, 7, 8, 9; 354A.05; 354A.091; 354A.094; 354A.12, subdivisions 3a, 3c, 5; 354A.31, subdivision 3a; 354A.32, subdivision 1a; 354B.20, subdivision 18, by adding subdivisions; 356.215, subdivisions 2, 3; 356.24, subdivision 3; 356.611, subdivision 2, by adding a subdivision; 356.62; 356.635, subdivisions 1, 2, by adding subdivisions; 356A.06, subdivision 5; 423A.02, subdivision 5; 423A.022, subdivision 5; 424A.001, subdivisions 4, 5, 8, 9, 10, by adding subdivisions; 424A.003; 424A.01, subdivisions 1, 2, 5; 424A.015, subdivisions 1, 5, 7; 424A.016, subdivisions 2, 6; 424A.02, subdivisions 1, 3, 7, 9; 424A.021; 424A.092, subdivision 6; 424A.093, subdivision 6; 424A.094, subdivision 1; 424A.095, subdivision 2; 424A.10; 424B.22, subdivisions 2, 10; Minnesota Statutes 2023 Supplement, sections 187.03, by adding a subdivision; 187.05, subdivision 7; 187.08, subdivisions 1, 7, 8; 352.91, subdivision 3f, as amended; 353.335, subdivision 1; 353D.01, subdivision 2; 353G.01, subdivisions 7b, 8b, 12, 12a, 14a, 15; 353G.02, subdivisions 1, 3, 4; 353G.03, subdivision 3; 353G.07; 353G.08, subdivision 1; 353G.09, subdivisions 1, 1a, 2; 353G.10; 353G.11, subdivision 2, by adding a subdivision; 353G.115; 353G.12, subdivision 2, by adding a subdivision; 353G.14; 354.05, subdivision 38; 354.06, subdivision 2; 354A.12, subdivision 1; 356.215, subdivision 11; 356.24,

subdivision 1; 477B.02, subdivision 3; Laws 2021, chapter 22, article 2, section 3; Laws 2022, chapter 65, article 3, section 1, subdivisions 2, 3; Laws 2023, chapter 46, section 11; proposing coding for new law in Minnesota Statutes, chapters 352B; 353G; 354B; 356; repealing Minnesota Statutes 2022, sections 353.33, subdivision 5; 353.86; 353.87, subdivisions 2, 3, 4; 353D.071; 353G.01, subdivision 10; 356.635, subdivisions 3, 4, 5, 6, 7, 8, 9a, 10, 11, 12, 13; 424A.01, subdivision 5a; Minnesota Statutes 2023 Supplement, sections 353.335, subdivision 2; 353G.01, subdivisions 7a, 8a; 353G.02, subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, 4; 353G.112; 353G.121."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Dziejdz from the Committee on State and Local Government and Veterans, to which was re-referred

S.F. No. 4835: A bill for an act relating to health; establishing an Office of Emergency Medical Services to replace the Emergency Medical Services Regulatory Board; specifying duties for the office; transferring duties; establishing advisory councils; establishing an alternative emergency medical services response pilot program; making conforming changes; amending Minnesota Statutes 2022, sections 62J.49, subdivision 1; 144E.001, by adding subdivisions; 144E.16, subdivision 5; 144E.19, subdivision 3; 144E.27, subdivision 5; 144E.28, subdivisions 5, 6; 144E.285, subdivision 6; 144E.287; 144E.305, subdivision 3; 214.025; 214.04, subdivision 2a; 214.29; 214.31; 214.355; Minnesota Statutes 2023 Supplement, sections 15A.0815, subdivision 2; 43A.08, subdivision 1a; 152.126, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 144E; repealing Minnesota Statutes 2022, sections 144E.001, subdivision 5; 144E.01; 144E.123, subdivision 5; 144E.50, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

OFFICE OF EMERGENCY MEDICAL SERVICES

Section 1. Minnesota Statutes 2022, section 144E.001, is amended by adding a subdivision to read:

Subd. 16. **Director.** "Director" means the director of the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 144E.001, is amended by adding a subdivision to read:

Subd. 17. **Office.** "Office" means the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. [144E.011] OFFICE OF EMERGENCY MEDICAL SERVICES.

Subdivision 1. **Establishment.** The Office of Emergency Medical Services is established with the powers and duties established in law. In administering this chapter, the office must promote the public health and welfare, protect the safety of the public, and effectively regulate and support the operation of the emergency medical services system in this state.

Subd. 2. **Director.** The governor must appoint a director for the office with the advice and consent of the senate. The director must be in the unclassified service and must serve at the pleasure of the governor. The salary of the director shall be determined according to section 15A.0815. The director shall direct the activities of the office.

Subd. 3. **Powers and duties.** The director has the following powers and duties:

(1) to administer and enforce this chapter and adopt rules as needed to implement this chapter. Rules for which notice is published in the State Register before July 1, 2026, may be adopted using the expedited rulemaking process in section 14.389;

(2) to license ambulance services in the state and regulate their operation;

(3) to establish and modify primary service areas;

(4) to designate an ambulance service as authorized to provide service in a primary service area and to remove an ambulance service's authorization to provide service in a primary service area;

(5) to register medical response units in the state and regulate their operation;

(6) to certify emergency medical technicians, advanced emergency medical technicians, community emergency medical technicians, paramedics, and community paramedics and to register emergency medical responders;

(7) to approve education programs for ambulance service personnel and emergency medical responders and to administer qualifications for instructors of education programs;

(8) to administer grant programs related to emergency medical services;

(9) to report to the legislature, by February 15 each year, on the work of the office and the advisory councils in the previous calendar year and with recommendations for any needed policy changes related to emergency medical services, including but not limited to improving access to emergency medical services, improving service delivery by ambulance services and medical response units, and improving the effectiveness of the state's emergency medical services system. The director must develop the reports and recommendations in consultation with the office's deputy directors and advisory councils;

(10) to investigate complaints against and hold hearings regarding ambulance services, ambulance service personnel, and emergency medical responders and to impose disciplinary action or otherwise resolve complaints; and

(11) to perform other duties related to the provision of emergency medical services in the state.

Subd. 4. **Employees.** The director may employ personnel in the classified service and unclassified personnel as necessary to carry out the duties of this chapter.

Subd. 5. **Work plan.** The director must prepare a work plan to guide the work of the office. The work plan must be updated biennially.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. **[144E.015] MEDICAL SERVICES DIVISION.**

A Medical Services Division is created in the Office of Emergency Medical Services. The Medical Services Division shall be under the supervision of a deputy director of medical services appointed by the director. The deputy director of medical services must be a physician licensed under chapter 147. The deputy director, under the direction of the director, shall enforce and coordinate the laws, rules, and policies assigned by the director, which may include overseeing the clinical aspects of prehospital medical care and education programs for emergency medical service personnel.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. **[144E.016] AMBULANCE SERVICES DIVISION.**

An Ambulance Services Division is created in the Office of Emergency Medical Services. The Ambulance Services Division shall be under the supervision of a deputy director of ambulance services appointed by the director. The deputy director, under the direction of the director, shall enforce and coordinate the laws, rules, and policies assigned by the director, which may include operating standards and licensing of ambulance services; registration and operation of medical response units; establishment and modification of primary service areas; authorization of ambulance services to provide service in a primary service area and revocation of such authorization; coordination of ambulance services within regions and across the state; and administration of grants.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. **[144E.017] EMERGENCY MEDICAL SERVICE PROVIDERS DIVISION.**

An Emergency Medical Service Providers Division is created in the Office of Emergency Medical Services. The Emergency Medical Service Providers Division shall be under the supervision of a deputy director of emergency medical service providers appointed by the director. The deputy director, under the direction of the director, shall enforce and coordinate the laws, rules, and policies assigned by the director, which may include certification and registration of individual emergency medical service providers; overseeing worker safety, worker well-being, and working conditions; implementation of education programs; and administration of grants.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. **[144E.03] EMERGENCY MEDICAL SERVICES ADVISORY COUNCIL.**

Subdivision 1. **Establishment; membership.** The Emergency Medical Services Advisory Council is established and consists of the following members:

(1) one emergency medical technician currently practicing with a licensed ambulance service, appointed by the Minnesota Ambulance Association;

(2) one paramedic currently practicing with a licensed ambulance service or a medical response unit, appointed jointly by the Minnesota Professional Fire Fighters Association and the Minnesota Ambulance Association;

(3) one medical director of a licensed ambulance service, appointed by the National Association of EMS Physicians, Minnesota Chapter;

(4) one firefighter currently serving as an emergency medical responder, appointed by the Minnesota State Fire Chiefs Association;

(5) one registered nurse who is certified or currently practicing as a flight nurse, appointed jointly by the regional emergency services boards of the designated regional emergency medical services systems;

(6) one hospital administrator, appointed by the Minnesota Hospital Association;

(7) one social worker, appointed by the Board of Social Work;

(8) one member of a federally recognized Tribal Nation in Minnesota, appointed by the Minnesota Indian Affairs Council;

(9) three public members, appointed by the governor;

(10) one member with experience working as an employee organization representative representing emergency medical service providers, appointed by an employee organization representing emergency medical service providers;

(11) one member representing a local government, appointed by the Coalition of Greater Minnesota Cities;

(12) one member representing a local government in the seven-county metropolitan area, appointed by the League of Minnesota Cities;

(13) one member of the house of representatives and one member of the senate, appointed according to subdivision 2; and

(14) the commissioner of health and commissioner of public safety or their designees as ex officio members.

Subd. 2. **Legislative members.** The speaker of the house must appoint one member of the house of representatives to serve on the advisory council and the senate majority leader must appoint one member of the senate to serve on the advisory council. Legislative members appointed under this subdivision serve until successors are appointed. Legislative members may receive per diem compensation and reimbursement for expenses according to the rules of their respective bodies.

Subd. 3. **Terms, compensation, removal, vacancies, and expiration.** Compensation and reimbursement for expenses for members appointed under subdivision 1, clauses (1) to (12); removal

of members; filling of vacancies of members; and, except for initial appointments, membership terms are governed by section 15.059. Notwithstanding section 15.059, subdivision 6, the advisory council does not expire.

Subd. 4. **Officers; meetings.** (a) The advisory council must elect a chair and vice-chair from among its membership and may elect other officers as the advisory council deems necessary.

(b) The advisory council must meet quarterly or at the call of the chair.

(c) Meetings of the advisory council are subject to chapter 13D.

Subd. 5. **Duties.** The advisory council must review and make recommendations to the director and the deputy director of ambulance services on the administration of this chapter; the regulation of ambulance services and medical response units; the operation of the emergency medical services system in the state; and other topics as directed by the director.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. **[144E.035] EMERGENCY MEDICAL SERVICES PHYSICIAN ADVISORY COUNCIL.**

Subdivision 1. **Establishment; membership.** The Emergency Medical Services Physician Advisory Council is established and consists of the following members:

(1) eight physicians who meet the qualifications for medical directors in section 144E.265, subdivision 1, with one physician appointed by each of the regional emergency services boards of the designated regional emergency medical services systems;

(2) one physician who meets the qualifications for medical directors in section 144E.265, subdivision 1, appointed by the Minnesota State Fire Chiefs Association;

(3) one physician who is board-certified in pediatrics, appointed by the Minnesota Emergency Medical Services for Children program; and

(4) the medical director member of the Emergency Medical Services Advisory Council appointed under section 144E.03, subdivision 1, clause (3).

Subd. 2. **Terms, compensation, removal, vacancies, and expiration.** Compensation and reimbursement for expenses, removal of members, filling of vacancies of members, and, except for initial appointments, membership terms are governed by section 15.059. Notwithstanding section 15.059, subdivision 6, the advisory council shall not expire.

Subd. 3. **Officers; meetings.** (a) The advisory council must elect a chair and vice-chair from among its membership and may elect other officers as it deems necessary.

(b) The advisory council must meet twice per year or upon the call of the chair.

(c) Meetings of the advisory council are subject to chapter 13D.

Subd. 4. **Duties.** The advisory council must:

(1) review and make recommendations to the director and deputy director of medical services on clinical aspects of prehospital medical care. In doing so, the advisory council must incorporate information from medical literature, advances in bedside clinical practice, and advisory council member experience; and

(2) serve as subject matter experts for the director and deputy director of medical services on evolving topics in clinical medicine, including but not limited to infectious disease, pharmaceutical and equipment shortages, and implementation of new therapeutics.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. [144E.04] LABOR AND EMERGENCY MEDICAL SERVICE PROVIDERS ADVISORY COUNCIL.

Subdivision 1. **Establishment; membership.** The Labor and Emergency Medical Service Providers Advisory Council is established and consists of the following members:

(1) one emergency medical service provider of any type from each of the designated regional emergency medical services systems, appointed by their respective regional emergency services boards;

(2) one emergency medical technician instructor, appointed by an employee organization representing emergency medical service providers;

(3) two members with experience working as an employee organization representative representing emergency medical service providers, appointed by an employee organization representing emergency medical service providers;

(4) one emergency medical service provider based in a fire department, appointed jointly by the Minnesota State Fire Chiefs Association and the Minnesota Professional Fire Fighters Association; and

(5) one emergency medical service provider not based in a fire department, appointed by the League of Minnesota Cities.

Subd. 2. **Terms, compensation, removal, vacancies, and expiration.** Compensation and reimbursement for expenses for members appointed under subdivision 1; removal of members; filling of vacancies of members; and, except for initial appointments, membership terms are governed by section 15.059. Notwithstanding section 15.059, subdivision 6, the Labor and Emergency Medical Service Providers Advisory Council does not expire.

Subd. 3. **Officers; meetings.** (a) The Labor and Emergency Medical Service Providers Advisory Council must elect a chair and vice-chair from among its membership and may elect other officers as the advisory council deems necessary.

(b) The Labor and Emergency Medical Service Providers Advisory Council must meet quarterly or at the call of the chair.

(c) Meetings of the Labor and Emergency Medical Service Providers Advisory Council are subject to chapter 13D.

Subd. 4. **Duties.** The Labor and Emergency Medical Service Providers Advisory Council must review and make recommendations to the director and deputy director of emergency medical service providers on the laws, rules, and policies assigned to the Emergency Medical Service Providers Division and other topics as directed by the director.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. **[144E.105] ALTERNATIVE EMS RESPONSE MODEL PILOT PROGRAM.**

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

(b) "Partnering ambulance services" means the basic life support ambulance service and the advanced life support ambulance service that partner to jointly respond to emergency ambulance calls under the pilot program.

(c) "Pilot program" means the alternative EMS response model pilot program established under this section.

Subd. 2. **Pilot program established.** The board must establish and administer an alternative EMS response model pilot program. Under the pilot program, the board may authorize basic life support ambulance services to partner with advanced life support ambulance services to provide expanded advanced life support service intercept capability and staffing support for emergency ambulance calls.

Subd. 3. **Application.** A basic life support ambulance service that wishes to participate in the pilot program must apply to the board. An application from a basic life support ambulance service must be submitted jointly with the advanced life support ambulance service with which the basic life support ambulance service proposes to partner. The application must identify the ambulance services applying to be partnering ambulance services and must include:

(1) approval to participate in the pilot program from the medical directors of the proposed partnering ambulance services;

(2) procedures the basic life support ambulance service will implement to respond to emergency ambulance calls when the basic life support ambulance service is unable to meet the minimum staffing requirements under section 144E.101, subdivision 6, and the partnering advanced life support ambulance service is unavailable to jointly respond to emergency ambulance calls;

(3) an agreement between the proposed partnering ambulance services specifying which ambulance service is responsible for:

(i) workers' compensation insurance;

(ii) motor vehicle insurance; and

(iii) billing, identifying which if any ambulance service will bill the patient or the patient's insurer and specifying how payments received will be distributed among the proposed partnering ambulance services;

(4) communication procedures to coordinate and make known the real-time availability of the advanced life support ambulance service to its proposed partnering basic life support ambulance services and public safety answering points;

(5) an acknowledgment that the proposed partnering ambulance services must coordinate compliance with the prehospital care data requirements in section 144E.123; and

(6) an acknowledgment that the proposed partnering ambulance services remain responsible for providing continual service as required under section 144E.101, subdivision 3.

Subd. 4. Operation. Under the pilot program, an advanced life support ambulance service may partner with one or more basic life support ambulance services. Under this partnership, the advanced life support ambulance service and basic life support ambulance service must jointly respond to emergency ambulance calls originating in the primary service area of the basic life support ambulance service. The advanced life support ambulance service must respond to emergency ambulance calls with either an ambulance or a nontransporting vehicle fully equipped with the advanced life support complement of equipment and medications required for that nontransporting vehicle by that ambulance service's medical director.

Subd. 5. Staffing. (a) When responding to an emergency ambulance call and when an ambulance or nontransporting vehicle from the partnering advanced life support ambulance service is confirmed to be available and is responding to the call:

(1) the basic life support ambulance must be staffed with a minimum of one emergency medical technician; and

(2) the advanced life support ambulance or nontransporting vehicle must be staffed with a minimum of one paramedic.

(b) The staffing specified in paragraph (a) is deemed to satisfy the staffing requirements in section 144E.101, subdivisions 6 and 7.

Subd. 6. Medical director oversight. The medical director for an ambulance service participating in the pilot program retains responsibility for the ambulance service personnel of their ambulance service. When a paramedic from the partnering advanced life support ambulance service makes contact with the patient, the standing orders; clinical policies; protocols; and triage, treatment, and transportation guidelines for the advanced life support ambulance service must direct patient care related to the encounter.

Subd. 7. Waivers and variances. The board may issue any waivers of or variances to this chapter or Minnesota Rules, chapter 4690, to partnering ambulance services that are needed to implement the pilot program, provided the waiver or variance does not adversely affect the public health or welfare.

Subd. 8. Data and evaluation. In administering the pilot program, the board shall collect from partnering ambulance services data needed to evaluate the impacts of the pilot program on response times, patient outcomes, and patient experience for emergency ambulance calls.

Subd. 9. **Transfer of authority.** Effective January 1, 2025, the duties and authority assigned to the board in this section are transferred to the director.

Subd. 10. **Expiration.** This section expires June 30, 2026.

Sec. 11. Minnesota Statutes 2022, section 144E.16, subdivision 5, is amended to read:

Subd. 5. **Local government's powers.** (a) Local units of government may, with the approval of the ~~board~~ director, establish standards for ambulance services which impose additional requirements upon such services. Local units of government intending to impose additional requirements shall consider whether any benefit accruing to the public health would outweigh the costs associated with the additional requirements.

(b) Local units of government that desire to impose additional requirements shall, prior to adoption of relevant ordinances, rules, or regulations, furnish the ~~board~~ director with a copy of the proposed ordinances, rules, or regulations, along with information that affirmatively substantiates that the proposed ordinances, rules, or regulations:

(1) will in no way conflict with the relevant rules of the ~~board~~ office;

(2) will establish additional requirements tending to protect the public health;

(3) will not diminish public access to ambulance services of acceptable quality; and

(4) will not interfere with the orderly development of regional systems of emergency medical care.

(c) The ~~board~~ director shall base any decision to approve or disapprove local standards upon whether or not the local unit of government in question has affirmatively substantiated that the proposed ordinances, rules, or regulations meet the criteria specified in paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2022, section 144E.19, subdivision 3, is amended to read:

Subd. 3. **Temporary suspension.** (a) In addition to any other remedy provided by law, the ~~board~~ director may temporarily suspend the license of a licensee after conducting a preliminary inquiry to determine whether the ~~board~~ director believes that the licensee has violated a statute or rule that the ~~board~~ director is empowered to enforce and determining that the continued provision of service by the licensee would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting a licensee from providing ambulance service shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the licensee personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the ~~board~~ director for the licensee.

(d) At the time the board director issues a temporary suspension order, the board director shall schedule a hearing, ~~to be held before a group of its members designated by the board,~~ that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's director's receipt of a request for a hearing from a licensee, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board director or licensee may be in the form of an affidavit. The licensee or the licensee's designee may appear for oral argument.

(f) Within five working days of the hearing, the board director shall issue its order and, if the suspension is continued, notify the licensee of the right to a contested case hearing under chapter 14.

(g) If a licensee requests a contested case hearing within 30 days after receiving notice under paragraph (f), the board director shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board director shall issue a final order within 30 days after receipt of the administrative law judge's report.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 144E.27, subdivision 5, is amended to read:

Subd. 5. **Denial, suspension, revocation.** (a) The board director may deny, suspend, revoke, place conditions on, or refuse to renew the registration of an individual who the board director determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections, an agreement for corrective action, or an order that the board director issued or is otherwise empowered to enforce;

(2) misrepresents or falsifies information on an application form for registration;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol; or any misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition;

(5) engages in unethical conduct, including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of the public;

(6) maltreats or abandons a patient;

(7) violates any state or federal controlled substance law;

(8) engages in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(9) provides emergency medical services under lapsed or nonrenewed credentials;

(10) is subject to a denial, corrective, disciplinary, or other similar action in another jurisdiction or by another regulatory authority;

(11) engages 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; ~~or~~

(12) makes a false statement or knowingly provides false information to the board director, or fails to cooperate with an investigation of the board director as required by section 144E.30-; or

(13) fails to engage with the health professionals services program or diversion program required under section 144E.287 after being referred to the program, violates the terms of the program participation agreement, or leaves the program except upon fulfilling the terms for successful completion of the program as set forth in the participation agreement.

(b) Before taking action under paragraph (a), the board director shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the board director shall initiate a contested case hearing according to chapter 14.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board director shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the ~~board's~~ board director's decision to deny, revoke, place conditions on, or refuse renewal of an individual's registration for disciplinary action, the individual shall have the opportunity to apply to the board director for reinstatement.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 144E.28, subdivision 5, is amended to read:

Subd. 5. **Denial, suspension, revocation.** (a) The board director may deny certification or take any action authorized in subdivision 4 against an individual who the board director determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections, or an order that the board director issued or is otherwise authorized or empowered to enforce, or agreement for corrective action;

(2) misrepresents or falsifies information on an application form for certification;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol; or any misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition;

(5) engages in unethical conduct, including, but not limited to, conduct likely to deceive, defraud, or harm the public or demonstrating a willful or careless disregard for the health, welfare, or safety of the public;

(6) maltreats or abandons a patient;

(7) violates any state or federal controlled substance law;

(8) engages in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(9) provides emergency medical services under lapsed or nonrenewed credentials;

(10) is subject to a denial, corrective, disciplinary, or other similar action in another jurisdiction or by another regulatory authority;

(11) engages 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; or

(12) makes a false statement or knowingly provides false information to the board director or fails to cooperate with an investigation of the board director as required by section 144E.30; or

(13) fails to engage with the health professionals services program or diversion program required under section 144E.287 after being referred to the program, violates the terms of the program participation agreement, or leaves the program except upon fulfilling the terms for successful completion of the program as set forth in the participation agreement.

(b) Before taking action under paragraph (a), the board director shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the board director shall initiate a contested case hearing according to chapter 14 and no disciplinary action shall be taken at that time.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board director shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the board's director's decision to deny, revoke, place conditions on, or refuse renewal of an individual's certification for disciplinary action, the individual shall have the opportunity to apply to the board director for reinstatement.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 144E.28, subdivision 6, is amended to read:

Subd. 6. **Temporary suspension.** (a) In addition to any other remedy provided by law, the board director may temporarily suspend the certification of an individual after conducting a preliminary inquiry to determine whether the board director believes that the individual has violated a statute or rule that the board director is empowered to enforce and determining that the continued provision of service by the individual would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting an individual from providing emergency medical care shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the individual personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the board director for the individual.

(d) At the time the board director issues a temporary suspension order, the board director shall schedule a hearing, ~~to be held before a group of its members designated by the board,~~ that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's director's receipt of a request for a hearing from the individual, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board director or the individual may be in the form of an affidavit. The individual or individual's designee may appear for oral argument.

(f) Within five working days of the hearing, the board director shall issue its order and, if the suspension is continued, notify the individual of the right to a contested case hearing under chapter 14.

(g) If an individual requests a contested case hearing within 30 days of receiving notice under paragraph (f), the board director shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board director shall issue a final order within 30 days after receipt of the administrative law judge's report.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 144E.285, subdivision 6, is amended to read:

Subd. 6. **Temporary suspension.** (a) In addition to any other remedy provided by law, the board director may temporarily suspend approval of the education program after conducting a preliminary inquiry to determine whether the board director believes that the education program has violated a statute or rule that the board director is empowered to enforce and determining that the continued provision of service by the education program would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting the education program from providing emergency medical care training shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the education program personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the ~~board~~ director for the education program.

(d) At the time the ~~board~~ director issues a temporary suspension order, the ~~board~~ director shall schedule a hearing, ~~to be held before a group of its members designated by the board,~~ that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the ~~board's~~ director's receipt of a request for a hearing from the education program, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the ~~board~~ director or the individual may be in the form of an affidavit. The education program or counsel of record may appear for oral argument.

(f) Within five working days of the hearing, the ~~board~~ director shall issue its order and, if the suspension is continued, notify the education program of the right to a contested case hearing under chapter 14.

(g) If an education program requests a contested case hearing within 30 days of receiving notice under paragraph (f), the ~~board~~ director shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The ~~board~~ director shall issue a final order within 30 days after receipt of the administrative law judge's report.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 144E.287, is amended to read:

144E.287 DIVERSION PROGRAM.

The ~~board~~ director shall either conduct a health professionals ~~service services~~ program under sections 214.31 to 214.37 or contract for a diversion program under section 214.28 for professionals regulated by the ~~board~~ director under this chapter who are unable to perform their duties with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental, physical, or psychological condition.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 18. Minnesota Statutes 2022, section 144E.305, subdivision 3, is amended to read:

Subd. 3. **Immunity.** (a) An individual, licensee, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting in good faith a report to the ~~board~~ director under subdivision 1 or 2 or for otherwise reporting in good faith to the ~~board~~ director violations or alleged violations of sections 144E.001 to 144E.33. Reports are classified as confidential

data on individuals or protected nonpublic data under section 13.02 while an investigation is active. Except for the ~~board's~~ director's final determination, all communications or information received by or disclosed to the ~~board~~ director relating to disciplinary matters of any person or entity subject to the ~~board's~~ director's regulatory jurisdiction are confidential and privileged and any disciplinary hearing shall be closed to the public.

(b) ~~Members of the board~~ The director, persons employed by the ~~board~~ director, persons engaged in the investigation of violations and in the preparation and management of charges of violations of sections 144E.001 to 144E.33 on behalf of the ~~board~~ director, and persons participating in the investigation regarding charges of violations are immune from civil liability and criminal prosecution for any actions, transactions, or publications, made in good faith, in the execution of, or relating to, their duties under sections 144E.001 to 144E.33.

(c) ~~For purposes of this section, a member of the board is considered a state employee under section 3.736, subdivision 9.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 19. INITIAL MEMBERS AND FIRST MEETING; EMERGENCY MEDICAL SERVICES ADVISORY COUNCIL.

(a) Initial appointments of members to the Emergency Medical Services Advisory Council must be made by January 1, 2025. The terms of initial appointees shall be determined by lot by the secretary of state and shall be as follows:

(1) eight members shall serve two-year terms; and

(2) eight members shall serve three-year terms.

(b) The medical director appointee must convene the first meeting of the Emergency Medical Services Advisory Council by February 1, 2025.

Sec. 20. INITIAL MEMBERS AND FIRST MEETING; EMERGENCY MEDICAL SERVICES PHYSICIAN ADVISORY COUNCIL.

(a) Initial appointments of members to the Emergency Medical Services Physician Advisory Council must be made by January 1, 2025. The terms of initial appointees shall be determined by lot by the secretary of state and shall be as follows:

(1) five members shall serve two-year terms;

(2) five members shall serve three-year terms; and

(3) the term for the medical director appointee to the Emergency Medical Services Physician Advisory Council shall coincide with that member's term on the Emergency Medical Services Advisory Council.

(b) The medical director appointee must convene the first meeting of the Emergency Medical Services Physician Advisory Council by February 1, 2025.

Sec. 21. **INITIAL MEMBERS AND FIRST MEETING; LABOR AND EMERGENCY MEDICAL SERVICE PROVIDERS ADVISORY COUNCIL.**

(a) Initial appointments of members to the Labor and Emergency Medical Service Providers Advisory Council must be made by January 1, 2025. The terms of initial appointees shall be determined by lot by the secretary of state and shall be as follows:

(1) six members shall serve two-year terms; and

(2) seven members shall serve three-year terms.

(b) The emergency medical technician instructor appointee must convene the first meeting of the Labor and Emergency Medical Service Providers Advisory Council by February 1, 2025.

Sec. 22. **TRANSITION.**

Subdivision 1. **Appointment of director; operation of office.** No later than October 1, 2024, the governor shall appoint a director-designee of the Office of Emergency Medical Services. The individual appointed as the director-designee of the Office of Emergency Medical Services shall become the governor's appointee as director of the Office of Emergency Medical Services on January 1, 2025. Effective January 1, 2025, the responsibilities to regulate emergency medical services in the state under Minnesota Statutes, chapter 144E, and Minnesota Rules, chapter 4690, are transferred from the Emergency Medical Services Regulatory Board to the Office of Emergency Medical Services and the director of the Office of Emergency Medical Services.

Subd. 2. **Transfer of responsibilities.** Minnesota Statutes, section 15.039, applies to the transfer of responsibilities from the Emergency Medical Services Regulatory Board to the Office of Emergency Medical Services required by this act. The commissioner of administration, with the approval of the governor, may issue reorganization orders under Minnesota Statutes, section 16B.37, as necessary to carry out the transfer of responsibilities required by this act. The provision of Minnesota Statutes, section 16B.37, subdivision 1, which states that transfers under that section may be made only to an agency that has been in existence for at least one year, does not apply to transfers in this act to the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 23. **APPROPRIATION.**

(a) \$6,000,000 in fiscal year 2025 is appropriated from the general fund to the Emergency Medical Services Regulatory Board for the alternative EMS response model pilot program in Minnesota Statutes, section 144E.105.

(b) This is a onetime appropriation and is available until June 30, 2026.

Sec. 24. **REVISOR INSTRUCTION.**

(a) In Minnesota Statutes, chapter 144E, the revisor of statutes shall replace "board" with "director"; "board's" with "director's"; "Emergency Medical Services Regulatory Board" or "Minnesota Emergency Medical Services Regulatory Board" with "director"; and "board-approved" with "director-approved," except that:

(1) in Minnesota Statutes, section 144E.11, the revisor of statutes shall not modify the term "county board," "community health board," or "community health boards";

(2) in Minnesota Statutes, sections 144E.40, subdivision 2; 144E.42, subdivision 2; 144E.44; and 144E.45, subdivision 2, the revisor of statutes shall not modify the term "State Board of Investment"; and

(3) in Minnesota Statutes, sections 144E.50 and 144E.52, the revisor of statutes shall not modify the term "regional emergency medical services board," "regional board," "regional emergency medical services board's," or "regional boards."

(b) In the following sections of Minnesota Statutes, the revisor of statutes shall replace "Emergency Medical Services Regulatory Board" with "director of the Office of Emergency Medical Services": sections 13.717, subdivision 10; 62J.49, subdivision 2; 144.604; 144.608; 147.09; 156.12, subdivision 2; 169.686, subdivision 3; and 299A.41, subdivision 4.

(c) In the following sections of Minnesota Statutes, the revisor of statutes shall replace "Emergency Medical Services Regulatory Board" with "Office of Emergency Medical Services": sections 144.603 and 161.045, subdivision 3.

(d) In making the changes specified in this section, the revisor of statutes may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

Sec. 25. **REPEALER.**

Minnesota Statutes 2022, sections 144E.001, subdivision 5; 144E.01; 144E.123, subdivision 5; and 144E.50, subdivision 3, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 2

CONFORMING CHANGES

Section 1. Minnesota Statutes 2023 Supplement, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Agency head salaries.** The salary for a position listed in this subdivision shall be determined by the Compensation Council under section 15A.082. The commissioner of management and budget must publish the salaries on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of children, youth, and families;

Commissioner of commerce;
Commissioner of corrections;
Commissioner of health;
Commissioner, Minnesota Office of Higher Education;
Commissioner, Minnesota IT Services;
Commissioner, Housing Finance Agency;
Commissioner of human rights;
Commissioner of human services;
Commissioner of labor and industry;
Commissioner of management and budget;
Commissioner of natural resources;
Commissioner, Pollution Control Agency;
Commissioner of public safety;
Commissioner of revenue;
Commissioner of employment and economic development;
Commissioner of transportation;
Commissioner of veterans affairs;
Executive director of the Gambling Control Board;
Executive director of the Minnesota State Lottery;
Commissioner of Iron Range resources and rehabilitation;
Commissioner, Bureau of Mediation Services;
Ombudsman for mental health and developmental disabilities;
Ombudsperson for corrections;
Chair, Metropolitan Council;
Chair, Metropolitan Airports Commission;
School trust lands director;

Executive director of pari-mutuel racing; ~~and~~

Commissioner, Public Utilities Commission; and

Director of the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2023 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Children, Youth, and Families; Commerce; Corrections; Direct Care and Treatment; Education; Employment and Economic Development; Explore Minnesota Tourism; Management and Budget; Health; Human Rights; Human Services; Labor and Industry; Natural Resources; Public Safety; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the State Board of Investment; the Office of Administrative Hearings; the Department of Information Technology Services; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Minnesota Office of Higher Education; the Perpich Center for Arts Education; ~~and~~ the Minnesota Zoological Board; and the Office of Emergency Medical Services.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 62J.49, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The director of the Office of Emergency Medical Services ~~Regulatory Board~~ established under chapter ~~144~~ 144E shall establish a financial data collection system for all ambulance services licensed in this state. To establish the financial database, the ~~Emergency Medical Services Regulatory Board~~ director may contract with an entity that has experience in ambulance service financial data collection.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2023 Supplement, section 152.126, subdivision 6, is amended to read:

Subd. 6. **Access to reporting system data.** (a) Except as indicated in this subdivision, the data submitted to the board under subdivision 4 is private data on individuals as defined in section 13.02, subdivision 12, and not subject to public disclosure.

(b) Except as specified in subdivision 5, the following persons shall be considered permissible users and may access the data submitted under subdivision 4 in the same or similar manner, and for the same or similar purposes, as those persons who are authorized to access similar private data on individuals under federal and state law:

(1) a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, to the extent the information relates specifically to a current patient, to whom the prescriber is:

(i) prescribing or considering prescribing any controlled substance;

(ii) providing emergency medical treatment for which access to the data may be necessary;

(iii) providing care, and the prescriber has reason to believe, based on clinically valid indications, that the patient is potentially abusing a controlled substance; or

(iv) providing other medical treatment for which access to the data may be necessary for a clinically valid purpose and the patient has consented to access to the submitted data, and with the provision that the prescriber remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(2) a dispenser or an agent or employee of the dispenser to whom the dispenser has delegated the task of accessing the data, to the extent the information relates specifically to a current patient to whom that dispenser is dispensing or considering dispensing any controlled substance and with the provision that the dispenser remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(3) a licensed dispensing practitioner or licensed pharmacist to the extent necessary to determine whether corrections made to the data reported under subdivision 4 are accurate;

(4) a licensed pharmacist who is providing pharmaceutical care for which access to the data may be necessary to the extent that the information relates specifically to a current patient for whom the pharmacist is providing pharmaceutical care: (i) if the patient has consented to access to the

submitted data; or (ii) if the pharmacist is consulted by a prescriber who is requesting data in accordance with clause (1);

(5) an individual who is the recipient of a controlled substance prescription for which data was submitted under subdivision 4, or a guardian of the individual, parent or guardian of a minor, or health care agent of the individual acting under a health care directive under chapter 145C. For purposes of this clause, access by individuals includes persons in the definition of an individual under section 13.02;

(6) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, or of the Office of Emergency Medical Services ~~Regulatory Board~~, assigned to conduct a bona fide investigation of a complaint received by that board or office that alleges that a specific licensee is impaired by use of a drug for which data is collected under subdivision 4, has engaged in activity that would constitute a crime as defined in section 152.025, or has engaged in the behavior specified in subdivision 5, paragraph (a);

(7) personnel of the board engaged in the collection, review, and analysis of controlled substance prescription information as part of the assigned duties and responsibilities under this section;

(8) authorized personnel under contract with the board, or under contract with the state of Minnesota and approved by the board, who are engaged in the design, evaluation, implementation, operation, or maintenance of the prescription monitoring program as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to carry out such duties and responsibilities, and subject to the requirement of de-identification and time limit on retention of data specified in subdivision 5, paragraphs (d) and (e);

(9) federal, state, and local law enforcement authorities acting pursuant to a valid search warrant;

(10) personnel of the Minnesota health care programs assigned to use the data collected under this section to identify and manage recipients whose usage of controlled substances may warrant restriction to a single primary care provider, a single outpatient pharmacy, and a single hospital;

(11) personnel of the Department of Human Services assigned to access the data pursuant to paragraph (k);

(12) personnel of the health professionals services program established under section 214.31, to the extent that the information relates specifically to an individual who is currently enrolled in and being monitored by the program, and the individual consents to access to that information. The health professionals services program personnel shall not provide this data to a health-related licensing board ~~or the Emergency Medical Services Regulatory Board~~, except as permitted under section 214.33, subdivision 3;

(13) personnel or designees of a health-related licensing board other than the Board of Pharmacy listed in section 214.01, subdivision 2, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is inappropriately prescribing controlled substances as defined in this section. For the purposes of this clause, the health-related licensing board may also obtain utilization data; and

(14) personnel of the board specifically assigned to conduct a bona fide investigation of a specific licensee or registrant. For the purposes of this clause, the board may also obtain utilization data.

(c) By July 1, 2017, every prescriber licensed by a health-related licensing board listed in section 214.01, subdivision 2, practicing within this state who is authorized to prescribe controlled substances for humans and who holds a current registration issued by the federal Drug Enforcement Administration, and every pharmacist licensed by the board and practicing within the state, shall register and maintain a user account with the prescription monitoring program. Data submitted by a prescriber, pharmacist, or their delegate during the registration application process, other than their name, license number, and license type, is classified as private pursuant to section 13.02, subdivision 12.

(d) Notwithstanding paragraph (b), beginning January 1, 2021, a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, must access the data submitted under subdivision 4 to the extent the information relates specifically to the patient:

(1) before the prescriber issues an initial prescription order for a Schedules II through IV opiate controlled substance to the patient; and

(2) at least once every three months for patients receiving an opiate for treatment of chronic pain or participating in medically assisted treatment for an opioid addiction.

(e) Paragraph (d) does not apply if:

(1) the patient is receiving palliative care, or hospice or other end-of-life care;

(2) the patient is being treated for pain due to cancer or the treatment of cancer;

(3) the prescription order is for a number of doses that is intended to last the patient five days or less and is not subject to a refill;

(4) the prescriber and patient have a current or ongoing provider/patient relationship of a duration longer than one year;

(5) the prescription order is issued within 14 days following surgery or three days following oral surgery or follows the prescribing protocols established under the opioid prescribing improvement program under section 256B.0638;

(6) the controlled substance is prescribed or administered to a patient who is admitted to an inpatient hospital;

(7) the controlled substance is lawfully administered by injection, ingestion, or any other means to the patient by the prescriber, a pharmacist, or by the patient at the direction of a prescriber and in the presence of the prescriber or pharmacist;

(8) due to a medical emergency, it is not possible for the prescriber to review the data before the prescriber issues the prescription order for the patient; or

(9) the prescriber is unable to access the data due to operational or other technological failure of the program so long as the prescriber reports the failure to the board.

(f) Only permissible users identified in paragraph (b), clauses (1), (2), (3), (4), (7), (8), (10), and (11), may directly access the data electronically. No other permissible users may directly access the data electronically. If the data is directly accessed electronically, the permissible user shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

(g) The board shall not release data submitted under subdivision 4 unless it is provided with evidence, satisfactory to the board, that the person requesting the information is entitled to receive the data.

(h) The board shall maintain a log of all persons who access the data for a period of at least three years and shall ensure that any permissible user complies with paragraph (c) prior to attaining direct access to the data.

(i) Section 13.05, subdivision 6, shall apply to any contract the board enters into pursuant to subdivision 2. A vendor shall not use data collected under this section for any purpose not specified in this section.

(j) The board may participate in an interstate prescription monitoring program data exchange system provided that permissible users in other states have access to the data only as allowed under this section, and that section 13.05, subdivision 6, applies to any contract or memorandum of understanding that the board enters into under this paragraph.

(k) With available appropriations, the commissioner of human services shall establish and implement a system through which the Department of Human Services shall routinely access the data for the purpose of determining whether any client enrolled in an opioid treatment program licensed according to chapter 245A has been prescribed or dispensed a controlled substance in addition to that administered or dispensed by the opioid treatment program. When the commissioner determines there have been multiple prescribers or multiple prescriptions of controlled substances, the commissioner shall:

(1) inform the medical director of the opioid treatment program only that the commissioner determined the existence of multiple prescribers or multiple prescriptions of controlled substances; and

(2) direct the medical director of the opioid treatment program to access the data directly, review the effect of the multiple prescribers or multiple prescriptions, and document the review.

If determined necessary, the commissioner of human services shall seek a federal waiver of, or exception to, any applicable provision of Code of Federal Regulations, title 42, section 2.34, paragraph (c), prior to implementing this paragraph.

(l) The board shall review the data submitted under subdivision 4 on at least a quarterly basis and shall establish criteria, in consultation with the advisory task force, for referring information about a patient to prescribers and dispensers who prescribed or dispensed the prescriptions in question if the criteria are met.

(m) The board shall conduct random audits, on at least a quarterly basis, of electronic access by permissible users, as identified in paragraph (b), clauses (1), (2), (3), (4), (7), (8), (10), and (11), to the data in subdivision 4, to ensure compliance with permissible use as defined in this section. A permissible user whose account has been selected for a random audit shall respond to an inquiry by the board, no later than 30 days after receipt of notice that an audit is being conducted. Failure to respond may result in deactivation of access to the electronic system and referral to the appropriate health licensing board, or the commissioner of human services, for further action. The board shall report the results of random audits to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance and government data practices.

(n) A permissible user who has delegated the task of accessing the data in subdivision 4 to an agent or employee shall audit the use of the electronic system by delegated agents or employees on at least a quarterly basis to ensure compliance with permissible use as defined in this section. When a delegated agent or employee has been identified as inappropriately accessing data, the permissible user must immediately remove access for that individual and notify the board within seven days. The board shall notify all permissible users associated with the delegated agent or employee of the alleged violation.

(o) A permissible user who delegates access to the data submitted under subdivision 4 to an agent or employee shall terminate that individual's access to the data within three business days of the agent or employee leaving employment with the permissible user. The board may conduct random audits to determine compliance with this requirement.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 214.025, is amended to read:

214.025 COUNCIL OF HEALTH BOARDS.

The health-related licensing boards may establish a Council of Health Boards consisting of representatives of the health-related licensing boards ~~and the Emergency Medical Services Regulatory Board~~. When reviewing legislation or legislative proposals relating to the regulation of health occupations, the council shall include the commissioner of health or a designee and the director of the Office of Emergency Medical Services or a designee.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 214.04, subdivision 2a, is amended to read:

Subd. 2a. **Performance of executive directors.** The governor may request that a health-related licensing board ~~or the Emergency Medical Services Regulatory Board~~ review the performance of the board's executive director. Upon receipt of the request, the board must respond by establishing a performance improvement plan or taking disciplinary or other corrective action, including dismissal.

The board shall include the governor's representative as a voting member of the board in the board's discussions and decisions regarding the governor's request. The board shall report to the governor on action taken by the board, including an explanation if no action is deemed necessary.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 214.29, is amended to read:

214.29 PROGRAM REQUIRED.

Each health-related licensing board, ~~including the Emergency Medical Services Regulatory Board under chapter 144E,~~ shall either conduct a health professionals service program under sections 214.31 to 214.37 or contract for a diversion program under section 214.28.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 214.31, is amended to read:

214.31 AUTHORITY.

Two or more of the health-related licensing boards listed in section 214.01, subdivision 2, may jointly conduct a health professionals services program to protect the public from persons regulated by the boards who are unable to practice with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental, physical, or psychological condition. The program does not affect a board's authority to discipline violations of a board's practice act. ~~For purposes of sections 214.31 to 214.37, the emergency medical services regulatory board shall be included in the definition of a health-related licensing board under chapter 144E.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 214.355, is amended to read:

214.355 GROUNDS FOR DISCIPLINARY ACTION.

Each health-related licensing board, ~~including the Emergency Medical Services Regulatory Board under chapter 144E,~~ shall consider it grounds for disciplinary action if a regulated person violates the terms of the health professionals services program participation agreement or leaves the program except upon fulfilling the terms for successful completion of the program as set forth in the participation agreement.

EFFECTIVE DATE. This section is effective January 1, 2025."

Amend the title as follows:

Page 1, line 5, after the second semicolon, insert "appropriating money;"

And when so amended the bill do pass and be re-referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

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

S.F. No. 4483: A bill for an act relating to employees; prohibiting misclassification of employees; imposing penalties; classifying data; amending Minnesota Statutes 2022, sections 177.27, subdivision 3; 181.171, subdivision 1; 181.722; 181.723; 270B.14, subdivision 17, by adding a subdivision; 326B.081, subdivisions 3, 6, 8; 326B.082, subdivisions 1, 2, 4, 6, 7, 10, 11, 13, by adding a subdivision; 326B.701; Minnesota Statutes 2023 Supplement, section 177.27, subdivisions 1, 2, 4, 7; proposing coding for new law in Minnesota Statutes, chapter 181.

Reports the same back with the recommendation that the bill be amended as follows:

Page 35, after line 8, insert:

"Sec. 26. APPROPRIATIONS.

(a) \$56,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of labor and industry for enforcement and other duties regarding worker misclassification, under Minnesota Statutes, sections 181.722 to 181.725, chapter 177, and chapter 326B. The base for this appropriation is \$70,000 for fiscal year 2026 and each year thereafter.

(b) \$143,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of the Department of Revenue for the disclosure and records management unit to work on agency-to-agency data sharing agreements related to worker misclassification. This is a onetime appropriation.

(c) \$49,000 in fiscal year 2025 is appropriated from the general fund to the attorney general to represent the Department of Labor and Industry in contested case hearings related to worker misclassification. This appropriation is available until June 30, 2026. The base for this appropriation is \$98,000 in fiscal year 2027 and each year thereafter."

Amend the title as follows:

Page 1, line 3, after the second semicolon, insert "appropriating money;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

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

S.F. No. 4942: A bill for an act relating to state government; appropriating money for energy, utilities, environment, and climate; requiring utilities to accept an individual taxpayer identification number when new customers apply for utility service; allowing public utilities providing electric service to propose goals for efficient fuel-switching improvement achievements to the commissioner of commerce; modifying the commercial property assessed clean energy program; making technical changes to various provisions governing or administered by the Department of Commerce; amending Minnesota Statutes 2022, sections 216B.098, by adding a subdivision; 216B.16, subdivisions 6c, 8; 216B.2402, subdivision 10, by adding a subdivision; 216B.2403, subdivisions 2, 3, 5, 8; 216B.241, subdivisions 2, 11, 12; 216C.10; 216C.435, subdivisions 3a, 3b, 4, 10, by adding subdivisions;

216C.436, subdivisions 1, 4, 7, 8, 10; Minnesota Statutes 2023 Supplement, sections 116C.779, subdivision 1; 216C.08; 216C.09; 216C.435, subdivision 8; 216C.436, subdivisions 1b, 2; proposing coding for new law in Minnesota Statutes, chapter 216C.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 16, insert:

"ARTICLE 1

AGRICULTURE APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parenthesis, subtracted from the appropriation in Laws 2023, chapter 43, or 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.

APPROPRIATIONS
Available for the Year
Ending June 30
2024 **2025**

Sec. 2. **DEPARTMENT OF AGRICULTURE** \$ **475,000** \$ **1,650,000**

(a) \$750,000 the second year is for home water treatment such as reverse osmosis treatment for private wells that are tested at or above the maximum contaminant level of 10 mg/L and located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. Priority must be given to households at or below 300 percent of the federal poverty guidelines and households with infants and pregnant individuals. This appropriation may also be used for education, outreach, and technical assistance to homeowners. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This appropriation is

available until June 30, 2027. This is a onetime appropriation.

By December 15 each year through 2027, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and health detailing the use of this appropriation and the number of households served in each county.

(b) \$500,000 the second year is for the soil health financial assistance program under Minnesota Statutes, section 17.134, for projects located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. The commissioner may award no more than \$50,000 of the appropriation each year to a single recipient. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Appropriations encumbered under contract on or before June 30, 2025, for soil health financial assistance grants are available until June 30, 2027. This appropriation is in addition to the appropriation in Laws 2023, chapter 43, article 1, section 2, subdivision 2, paragraph (b). This is a onetime appropriation.

(c) \$50,000 the first year is to convene a working group of interested parties, including representatives from the Department of Natural Resources, to investigate and recommend options for addressing crop and fence destruction due to Cervidae. By February 1, 2025, the commissioner must submit a report on the findings and recommendations of the working group to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is

available in the second year. This is a onetime appropriation.

(d) \$100,000 the second year is to develop and enhance farm-to-school markets by providing more fruits, vegetables, meat, poultry, grain, and dairy for children in schools and early childhood education centers, child care centers, and family child care programs, including, at the commissioner's discretion, providing grants to reimburse schools, early childhood education centers, child care centers, and family child care programs for purchasing equipment and agricultural products. This appropriation is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Any unencumbered balance at the end of the second year may be used for other purposes under the agricultural growth, research, and innovation program and is available until June 30, 2027. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This appropriation is in addition to the appropriation in Laws 2023, chapter 43, article 1, section 2, subdivision 4, paragraph (c). This is a onetime appropriation.

(e) \$300,000 the second year is for the protecting livestock grant program for producers to support the installation of measures to prevent the transmission of avian influenza. For the appropriation in this paragraph, a grant applicant must document a cost-share of 20 percent. An applicant's cost-share amount may be reduced up to \$2,000 to cover time and labor costs. This appropriation is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This

appropriation is available until June 30, 2027.
This is a onetime appropriation.

(f) \$375,000 the first year is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery. This appropriation is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. Grants may be used for costs, including but not limited to:

(1) equipment required for a meat cutting program;

(2) facility renovation to accommodate meat cutting; and

(3) training faculty to teach the fundamentals of meat processing.

A grant recipient may be awarded a grant of up to \$75,000 and may use up to ten percent of the grant for faculty training. Priority may be given to applicants who are coordinating with meat cutting and butchery programs at Minnesota State Colleges and Universities institutions or with local industry partners.

By January 15, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance by listing the grants made under this paragraph by county and noting the number and amount of grant requests not fulfilled. The report may include additional information as determined by the commissioner, including but not limited to

information regarding the outcomes produced by these grants. If additional grants are awarded under this paragraph that were not covered in the report due by January 15, 2025, the commissioner must submit an additional report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance regarding all grants issued under this paragraph by November 1, 2025.

(g) \$50,000 the first year is to prepare a report on agricultural land trends. For the purposes of this section, "agricultural land" means property classified as class 2a agricultural land or class 2b rural vacant land under Minnesota Statutes, section 273.13, subdivision 23. The report must include the following:

(1) information about agricultural land sales, including the price, number of acres, type of buyer, and type of financing used;

(2) information about agricultural land use, including differences among regions; and

(3) legislative recommendations for ensuring that agricultural land is available to farmers.

No data included in this report shall reveal personally identifiable information. The commissioner may contract with external experts to develop this report and may coordinate with the Department of Revenue, University of Minnesota Extension, and Minnesota State Colleges and Universities. No later than January 3, 2025, the commissioner must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

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

Sec. 3. Laws 2023, chapter 43, article 1, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$	92,025,000	\$	72,223,000
		<u>88,025,000</u>		<u>76,643,000</u>
Appropriations by Fund				
		2024		2025
		91,626,000		71,824,000
General		<u>87,626,000</u>		<u>76,244,000</u>
Remediation		399,000		399,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 4. Laws 2023, chapter 43, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. Protection Services

Appropriations by Fund				
		2024		2025
				18,743,000
General		32,034,000		<u>18,818,000</u>
Remediation		399,000		399,000

(a) \$399,000 the first year and \$399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) \$625,000 the first year and \$625,000 the second year are for the soil health financial assistance program under Minnesota Statutes, section 17.134. The commissioner may award no more than \$50,000 of the appropriation each year to a single recipient. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Appropriations encumbered under contract on or before June 30, 2025, for soil health financial assistance grants are available until June 30, 2027. The base for this appropriation is \$639,000 in fiscal year 2026 and each year thereafter.

(c) \$800,000 the first year is for transfer to the pollinator research account established under Minnesota Statutes, section 18B.051. The base for this transfer is \$100,000 in fiscal year 2026 and each year thereafter.

(d) \$150,000 the first year and \$150,000 the second year are for transfer to the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to award grants under Minnesota Statutes, section 18.90, to counties, municipalities, and other weed management entities, including Minnesota Tribal governments as defined in Minnesota Statutes, section 10.65. This is a onetime appropriation.

(e) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2023. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal dollars to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff.

(f) \$155,000 the first year and ~~\$155,000~~ \$230,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's

approved agent to investigate and resolve claims, as well as for costs associated with training for approved agents. The commissioner may use up to \$40,000 of the appropriation each year to make grants to producers for measures to protect stored crops from elk damage. If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program. The base for this appropriation is \$155,000 in fiscal year 2026 and each year thereafter.

(g) \$825,000 the first year and \$825,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory.

(h) \$75,000 the first year and \$75,000 the second year are to support a meat processing liaison position to assist new or existing meat and poultry processing operations in getting started, expanding, growing, or transitioning into new business models.

(i) \$2,200,000 the first year and \$1,650,000 the second year are additional funding to maintain the current level of service delivery for programs under this subdivision. The base for this appropriation is \$1,925,000 for fiscal year 2026 and each year thereafter.

(j) \$250,000 the first year and \$250,000 the second year are for grants to organizations in Minnesota to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. For the purposes of this paragraph, "continuous-living cover crops and cropping systems" refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities. By February 1 each year, the commissioner must submit a report to the

chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to. The commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation.

(k) \$45,000 the first year and \$45,000 the second year are appropriated for wolf-livestock conflict-prevention grants. The commissioner may use some of this appropriation to support nonlethal prevention work performed by federal wildlife services. This is a onetime appropriation.

(l) \$10,000,000 the first year is for transfer to the grain indemnity account established in Minnesota Statutes, section 223.24. This is a onetime transfer.

(m) \$125,000 the first year and \$125,000 the second year are for the PFAS in pesticides review. This is a onetime appropriation.

(n) \$1,941,000 the first year is for transfer to the food handler license account. This is a onetime transfer.

Sec. 5. Laws 2023, chapter 43, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. Agricultural Marketing and Development	5,165,000	4,985,000
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(a) \$150,000 the first year and \$150,000 the second year are to expand international trade opportunities and markets for Minnesota agricultural products.

(b) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2025, for

Minnesota grown grants in this paragraph are available until June 30, 2027.

(c) \$634,000 the first year and \$634,000 the second year are for the continuation of the dairy development and profitability enhancement programs, including dairy profitability teams and dairy business planning grants under Minnesota Statutes, section 32D.30.

(d) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance to persons transitioning from conventional to organic agriculture.

(e) \$600,000 the first year and \$420,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~\$490,000~~ \$510,000 for fiscal year 2026 and each year thereafter.

(f) \$100,000 the first year and \$100,000 the second year are for mental health outreach and support to farmers, ranchers, and others in the agricultural community and for farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(g) \$100,000 the first year and \$100,000 the second year are to award and administer grants for infrastructure and other forms of financial assistance to support EBT, SNAP, SFMNP, and related programs at farmers markets. Grants may be used for staff costs associated with program administration,

compliance, and reporting. The commissioner may use up to 6.5 percent of the appropriation each year to administer the grant program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(h) \$200,000 the first year and \$200,000 the second year are to award cooperative grants under Minnesota Statutes, section 17.1016. The commissioner may use up to 6.5 percent of the appropriation each year to administer the grant program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

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

Sec. 6. Laws 2023, chapter 43, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	<u>37,809,000</u>	<u>33,809,000</u>
	<u>33,809,000</u>	<u>38,154,000</u>

(a) \$10,702,000 the first year and \$10,702,000 the second year are for the agriculture research, education, extension, and technology transfer program under Minnesota Statutes, section 41A.14. Except as provided below, the appropriation each year is for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3, and the commissioner shall transfer funds each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. To the extent practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agriculture research, education, extension, and technology transfer grant program under Minnesota Statutes, section 41A.14:

(1) \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2);

(2) up to \$1,000,000 the first year and up to \$1,000,000 the second year are for research on avian influenza, salmonella, and other turkey-related diseases and disease prevention measures;

(3) \$2,250,000 the first year and \$2,250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants;

(4) \$450,000 the first year is for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder;

(5) \$350,000 the first year and \$350,000 the second year are for potato breeding;

(6) \$802,000 the first year and \$802,000 the second year are to fund the Forever Green Initiative and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. The base for the allocation under this clause is \$802,000 in fiscal year 2026 and each year thereafter. By February 1 each year, the dean of the College of Food, Agricultural and Natural Resource Sciences must submit a report to the chairs and ranking minority members of the legislative

committees with jurisdiction over agriculture finance and policy and higher education detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to; ~~and~~

(7) \$350,000 each year is for farm-scale winter greenhouse research and development coordinated by University of Minnesota Extension Regional Sustainable Development Partnerships. The allocation in this clause is onetime;

(8) \$200,000 the second year is for research on natural stands of wild rice; and

(9) \$250,000 the second year is for the cultivated wild rice forward selection project at the North Central Research and Outreach Center, including a tenure track or research associate plant scientist.

(b) The base for the agriculture research, education, extension, and technology transfer program is \$10,352,000 in fiscal year 2026 and \$10,352,000 in fiscal year 2027.

(c) ~~\$27,107,000~~ \$23,107,000 the first year ~~and \$23,107,000 the second year are~~ is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation ~~each year~~ among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture

on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) ~~\$1,000,000 the first year and \$1,000,000 the second year~~ are is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) ~~\$5,750,000 the first year and \$5,750,000 the second year~~ are is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2025, ~~and the second year appropriation is available until June 30, 2026~~. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph. ~~The base under this clause is \$3,000,000 in fiscal year 2026 and each year thereafter;~~

(3) ~~\$3,375,000 the first year and \$3,375,000 the second year~~ are is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle

model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than ~~40~~ 20 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed \$200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. ~~The base under this clause is \$3,000,000 for fiscal year 2026 and each year thereafter;~~

(4) \$1,250,000 the first year ~~and \$1,250,000 the second year~~ are ~~is~~ for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed \$200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes

~~under this paragraph. The base under this clause is \$250,000 in fiscal year 2026 and each year thereafter;~~

~~(5) \$1,150,000 the first year and \$1,150,000 the second year are for is to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and schools, early childhood education centers, child care centers, and family child care programs, including, at the commissioner's discretion, providing grants to reimburse schools and, early childhood education centers, child care centers, and family child care programs, for purchasing equipment and agricultural products. Of the amount appropriated, \$150,000 each year is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base under this clause is \$1,294,000 in fiscal year 2026 and each year thereafter;~~

~~(6) \$4,000,000 the first year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes~~

~~under this paragraph. The allocation in this clause is onetime;~~

~~(7) (6)~~ \$2,000,000 the first year ~~and \$2,000,000 the second year are~~ is for urban youth agricultural education or urban agriculture community development; and

~~(8) (7)~~ \$1,000,000 the first year ~~and \$1,000,000 the second year are~~ is for the good food access program under Minnesota Statutes, section 17.1017.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year, and appropriations encumbered under contract on or before June 30, 2025, for agricultural growth, research, and innovation grants are available until June 30, 2028.

(d) \$27,452,000 the second year is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed

research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) \$1,000,000 the second year is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) \$5,750,000 the second year is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph. The base under this clause is \$3,000,000 in fiscal year 2026 and each year thereafter;

(3) \$3,375,000 the second year is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 20 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the

appropriate technology. A grant award must not exceed \$200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. The base under this clause is \$3,000,000 for fiscal year 2026 and each year thereafter;

(4) \$1,250,000 the second year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed \$200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2027, and may be used for other purposes under this paragraph. The base under this clause is \$250,000 in fiscal year 2026 and each year thereafter;

(5) \$1,150,000 the first year is to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, poultry, grain, and dairy for children in schools, early childhood education centers, child care centers, and

family child care programs, including, at the commissioner's discretion, providing grants to reimburse schools, early childhood education centers, child care centers, and family child care programs for purchasing equipment and agricultural products. Of the amount appropriated, \$150,000 each year is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base under this clause is \$1,294,000 in fiscal year 2026 and each year thereafter;

(6) \$4,000,000 the second year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance on June 30, 2026, may be used for other purposes under this paragraph. The allocation in this clause is onetime;

(7) \$2,000,000 the second year is for urban youth agricultural education or urban agriculture community development; and

(8) \$1,000,000 the second year is for the good food access program under Minnesota Statutes, section 17.1017.

Notwithstanding Minnesota Statutes, section 16A.28, this appropriation does not cancel at the end of the second year and is available until June 30, 2027. Appropriations encumbered under contract on or before June 30, 2027, for agricultural growth, research,

and innovation grants are available until June 30, 2030.

~~(d)~~ (e) The base for the agricultural growth, research, and innovation program is ~~\$16,294,000~~ \$17,582,000 in fiscal year 2026 and each year thereafter and includes \$200,000 each year for cooperative development grants.

Sec. 7. Laws 2023, chapter 43, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. Administration and Financial Assistance	16,618,000	14,287,000
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(a) \$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations must be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) \$350,000 the first year and \$350,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. The base for this appropriation is \$250,000 in fiscal year 2026 and each year thereafter.

(c) \$2,000 the first year is for a grant to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association. This is a onetime appropriation.

(e) \$60,000 the first year and \$60,000 the second year are for grants to the Northern

Crops Institute that may be used to purchase equipment. This is a onetime appropriation.

(f) \$34,000 the first year and \$34,000 the second year are for grants to the Minnesota State Horticultural Society. This is a onetime appropriation.

(g) \$25,000 the first year and \$25,000 the second year are for grants to the Center for Rural Policy and Development. This is a onetime appropriation.

(h) \$75,000 the first year and \$75,000 the second year are appropriated from the general fund to the commissioner of agriculture for grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. The Minnesota Turf Seed Council must prepare a report outlining the use of the grant money and related accomplishments. No later than January 15, 2025, the council must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture finance and policy. This is a onetime appropriation.

(i) \$100,000 the first year and \$100,000 the second year are for grants to GreenSeam for assistance to agriculture-related businesses to support business retention and development, business attraction and creation, talent development and attraction, and regional branding and promotion. These are onetime appropriations. No later than December 1, 2024, and December 1, 2025, GreenSeam must report to the chairs and

ranking minority members of the legislative committees with jurisdiction over agriculture and rural development with information on new and existing businesses supported, number of new jobs created in the region, new educational partnerships and programs supported, and regional branding and promotional efforts.

(j) \$1,950,000 the first year and \$1,950,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following purposes:

(1) at least \$850,000 each year must be allocated to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available the second year;

(2) to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible

to receive food from the food banks. Surplus food acquired under this clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause for administrative and transportation expenses; and

(3) to purchase and distribute protein products, including but not limited to pork, poultry, beef, dry legumes, cheese, and eggs to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Second Harvest Heartland may use up to two percent of each grant awarded under this clause for administrative expenses. Protein products purchased under the grants must be acquired from Minnesota processors and producers.

Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed. The base for this appropriation is \$1,700,000 for fiscal year 2026 and each year thereafter.

(k) \$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

(l) \$300,000 the first year and \$300,000 the second year are for grants to The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate emerging farmers for crops donated to hunger

relief organizations in Minnesota. This is a onetime appropriation.

(m) \$750,000 the first year and \$750,000 the second year are to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the Emerging Farmer Working Group established under Minnesota Statutes, section 17.055, subdivision 1. The base for this appropriation is \$1,000,000 in fiscal year 2026 and each year thereafter.

(n) \$50,000 the first year is to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with jurisdiction over agriculture finance and policy by February 15, 2025.

(o) \$337,000 the first year and \$337,000 the second year are for farm advocate services. Of these amounts, \$50,000 the first year and \$50,000 the second year are for the continuation of the farmland transition programs and may be used for grants to farmland access teams to provide technical assistance to potential beginning farmers. Farmland access teams must assist existing farmers and beginning farmers with transitioning farm ownership and farm operation. Services provided by teams may include but are not limited to mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance.

(p) \$260,000 the first year and \$260,000 the second year are for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business

Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 6.5 percent of the grant awarded under this paragraph for administration.

(q) \$1,000,000 the first year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041.

(r) \$1,084,000 the first year and \$500,000 the second year are to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payments. This is a onetime appropriation.

(s) \$275,000 the first year is for technical assistance grants to certified community development financial institutions that participate in United States Department of Agriculture loan or grant programs for small or emerging farmers, including but not limited to the Increasing Land, Capital, and Market Access Program. For purposes of this paragraph, "emerging farmer" has the meaning given in Minnesota Statutes, section 17.055, subdivision 1. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(t) \$1,425,000 the first year and \$1,425,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117.

(u) \$150,000 the first year and \$150,000 the second year are for administrative support for the Rural Finance Authority.

(v) The base in fiscal years 2026 and 2027 is \$150,000 each year to coordinate climate-related activities and services within the Department of Agriculture and counterparts in local, state, and federal agencies and to hire a full-time climate implementation coordinator. The climate implementation coordinator must coordinate efforts seeking federal funding for Minnesota's agricultural climate adaptation and mitigation efforts and develop strategic partnerships with the private sector and nongovernment organizations.

(w) \$1,200,000 the first year and \$930,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~\$1,085,000~~ \$1,065,000 in fiscal year 2026 and ~~\$1,085,000~~ \$1,065,000 in fiscal year 2027.

(x) \$250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must report expenditures under this paragraph to the legislative committees with jurisdiction over agriculture finance and higher education with a report submitted by January 3, 2024, and a final report submitted by December 31, 2024. The reports must include a list of equipment purchased, including the cost of each item.

(y) \$1,000,000 the first year and \$1,000,000 the second year are to award and administer down payment assistance grants under Minnesota Statutes, section 17.133, with priority given to ~~emerging~~ farmers experiencing limited land access as defined in Minnesota Statutes, section ~~17.055,~~

~~subdivision 1~~ 17.133, subdivision 1, or farmers who had a gross farm profit of \$100,000 or less the previous year. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the first year does not cancel and is available in the second year and appropriations encumbered under contract by June 30, 2025, are available until June 30, 2027.

(z) \$222,000 the first year and \$322,000 the second year are for meat processing training and retention incentive grants under section 5. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(aa) \$300,000 the first year and \$300,000 the second year are for transfer to the Board of Regents of the University of Minnesota to evaluate, propagate, and maintain the genetic diversity of oilseeds, grains, grasses, legumes, and other plants including flax, timothy, barley, rye, triticale, alfalfa, orchard grass, clover, and other species and varieties that were in commercial distribution and use in Minnesota before 1970, excluding wild rice. This effort must also protect traditional seeds brought to Minnesota by immigrant communities. This appropriation includes funding for associated extension and outreach to small and Black, Indigenous, and People of Color (BIPOC) farmers. This is a onetime appropriation.

(bb) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

Sec. 8. COMMISSIONER OF HEALTH; APPROPRIATIONS.

(a) \$2,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of health to establish a mitigation program for contaminated wells, including testing, repairing, and replacing wells and providing home water treatment, such as reverse osmosis treatment, for private wells that are tested at or above the maximum contaminant level of 10 mg/L located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. This appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs.

(b) By December 15 each year through 2027, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and health detailing the use of the appropriation in this section and the number of households served in each county.

ARTICLE 2

AGRICULTURE POLICY

Section 1. Minnesota Statutes 2023 Supplement, section 17.055, subdivision 3, is amended to read:

Subd. 3. **Beginning farmer equipment and infrastructure grants.** (a) The commissioner may award and administer equipment and infrastructure grants to beginning farmers. The commissioner shall give preference to applicants who are ~~emerging~~ farmers experiencing limited land access as defined in section 17.133, subdivision 1. Grant money may be used for equipment and infrastructure development.

(b) The commissioner shall develop competitive eligibility criteria and may allocate grants on a needs basis.

(c) Grant projects may continue for up to two years.

Sec. 2. Minnesota Statutes 2022, section 17.116, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Grants may ~~only~~ be made to farmers; and organizations such as farms, agricultural cooperatives, educational institutions, individuals at educational institutions, or nonprofit organizations, Tribal governments, or local units of government residing or located in the state for research or demonstrations on farms in the state.

(b) Grants may only be made for projects that show:

(1) the ability to maximize direct or indirect energy savings or production;

(2) a positive effect or reduced adverse effect on the environment; or

(3) increased profitability for the individual farm by reducing costs or improving marketing opportunities.

Sec. 3. Minnesota Statutes 2022, section 17.133, subdivision 1, is amended to read:

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

(b) "Eligible farmer" means an individual who at the time that the grant is awarded:

(1) is a resident of Minnesota who intends to acquire farmland located within the state and provide the majority of the day-to-day physical labor and management of the farm;

(2) has participated in the business operation of a farm for at least three years;

~~(3)~~ (3) grosses no more than \$250,000 per year from the sale of farm products; and

~~(4)~~ (4) has not, and whose spouse has not, at any time had a direct or indirect ownership interest in farmland.

(c) "Farm down payment" means an initial, partial payment required by a lender or seller to purchase farmland.

(d) "Incubator farm" means a farm where people are given temporary, exclusive, and affordable access to small parcels of land, infrastructure, and often training, for the purposes of honing skills and launching farm businesses.

(e) "Limited land access" means farming without ownership of land and:

(1) under a lease or other rental arrangement of no more than three years in duration when the person leasing or renting the land is not related to the lessee or renter by blood or marriage;

(2) farming by renting land from an incubator farm as defined in this section;

(3) farming with no current lease or other rental arrangement; or

(4) farming where access to land is constrained by Tribal land ownership patterns, treaties, or federal and Tribal laws and regulations.

Sec. 4. Minnesota Statutes 2023 Supplement, section 17.133, subdivision 3, is amended to read:

Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture and rural development, in compliance with sections 3.195 and 3.197, on the farm down payment assistance grants under this section. The report must include:

(1) background information on beginning farmers in Minnesota and any other information that the commissioner and authority find relevant to evaluating the effect of the grants on increasing opportunities for and the number of beginning farmers;

(2) the number and amount of grants;

(3) the geographic distribution of grants by county;

(4) the number of grant recipients who are ~~emerging~~ farmers experiencing limited land access or who have a gross farm profit of \$100,000 or less the previous year;

(5) disaggregated data regarding the gender, race, and ethnicity of grant recipients;

(6) the number of farmers who cease to own land and are subject to payment of a penalty, along with the reasons for the land ownership cessation; and

(7) the number and amount of grant applications that exceeded the allocation available in each year.

Sec. 5. Minnesota Statutes 2023 Supplement, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay the inspection fee set under paragraph (e), and until June 30, ~~2024~~ 2034, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

(e) By commissioner's order, the commissioner must set the inspection fee at no less than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a public meeting before increasing the fee by more than five cents per ton.

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

Sec. 6. Minnesota Statutes 2022, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2025~~ 2035.

Sec. 7. Minnesota Statutes 2022, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2025~~ 2035.

Sec. 8. Minnesota Statutes 2022, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2025~~ 2035.

Sec. 9. Minnesota Statutes 2022, section 28A.10, is amended to read:

28A.10 POSTING OF LICENSE; RULES.

All such licenses shall be issued for a period of one year and shall be posted or displayed in a conspicuous place at the place of business so licensed. ~~Except as provided in sections 29.22, subdivision 4 and 31.39, all such license fees and penalties collected by the commissioner shall be deposited into the state treasury and credited to the general fund.~~ The commissioner may adopt such rules in conformity with law as the commissioner deems necessary to effectively and efficiently carry out the provisions of sections 28A.01 to 28A.16.

Sec. 10. Minnesota Statutes 2022, section 31.94, is amended to read:

31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota and other research and education institutions to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies about state or federal programs that support organic agriculture practices; and

(5) work closely with producers, producer organizations, the University of Minnesota, and other appropriate agencies and organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture sector. The task force must consist of the following residents of the state:

- (1) three organic farmers;
- (2) one wholesaler or distributor of organic products;
- (3) one representative of organic certification agencies;
- (4) two organic processors;
- (5) one representative from University of Minnesota Extension;
- (6) one University of Minnesota faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) two public members;
- (9) one representative from the United States Department of Agriculture;
- (10) one retailer of organic products; and
- (11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2024~~ 2034.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and accredited certification agencies operating within the state.

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

Sec. 11. Minnesota Statutes 2022, section 32D.30, is amended to read:

32D.30 DAIRY DEVELOPMENT AND PROFITABILITY ENHANCEMENT.

Subdivision 1. **Program.** The commissioner must implement a dairy development and profitability enhancement program consisting of a dairy profitability enhancement ~~teams and~~ program, dairy business planning grants, and other services to support the dairy industry.

Subd. 2. **Dairy profitability enhancement ~~teams~~ program.** (a) ~~The~~ dairy profitability enhancement ~~teams~~ program must provide ~~one-on-one~~ information and technical assistance to dairy farms of all sizes to enhance their financial success and long-term sustainability. ~~Teams~~ The program must assist dairy producers in all dairy-producing regions of the state ~~and~~. Assistance to producers from the program may consist of be provided individually, as a team, or through other methods by farm business management instructors, dairy extension specialists, and other dairy industry partners. ~~Teams~~ The program may engage in activities including such as comprehensive financial analysis, risk management education, enhanced milk marketing tools and technologies, ~~and~~ facilitating or improving production systems, including rotational grazing and other sustainable agriculture methods, and value-added opportunities.

(b) The commissioner must make grants to regional or statewide organizations qualified to manage the various components of the ~~teams~~ program and serve as program administrators. Each regional or statewide organization must designate a coordinator responsible for overseeing the program and submitting periodic reports to the commissioner regarding aggregate changes in producer financial stability, productivity, product quality, animal health, environmental protection, and other performance measures attributable to the program. The organizations must submit this information in a format that maintains the confidentiality of individual dairy producers.

Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business planning grants of up to \$5,000 per producer or dairy processor ~~to develop comprehensive business plans use technical assistance services for evaluating operations, transitional changes, expansions, improvements, and other business modifications.~~ Producers and processors must not use dairy business planning grants for capital improvements.

Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate dairy development and profitability enhancement program dollars ~~among~~ for the permissible uses specified in this section and other needs to support the dairy industry, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to the state's dairy farmers.

Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a detailed accomplishment report and work plan detailing future plans for, and the actual and anticipated accomplishments from, expenditures under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. If the commissioner significantly modifies a submitted work plan during the fiscal year, the commissioner must notify the chairs and ranking minority members.

Sec. 12. Minnesota Statutes 2023 Supplement, section 35.155, subdivision 12, is amended to read:

Subd. 12. **Importation.** (a) A person must not import live Cervidae into the state from a state or province where chronic wasting disease has been detected in the farmed or wild cervid population in the last five years unless the animal has tested not detected for chronic wasting disease with a validated live-animal test.

(b) Live Cervidae or Cervidae semen must originate from a herd that has been subject to a state-, federal-, or provincial-approved chronic wasting disease herd certification program and that has reached a status equivalent to the highest certification.

(c) Cervidae imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

(d) This subdivision does not apply to the interstate transfer of animals between two facilities accredited by the Association of Zoos and Aquariums.

(e) Notwithstanding this subdivision, the commissioner of natural resources may issue a permit allowing the importation of orphaned wild cervid species that are not susceptible to chronic wasting disease from another state to an Association of Zoos and Aquariums accredited institution in Minnesota following a joint risk-based assessment conducted by the commissioner and the institution.

(f) Notwithstanding this subdivision, the state veterinarian may issue a permit to a zoo that is a United States Department of Agriculture-licensed exhibitor of regulated animals to import live Cervidae from another state if the Cervidae are part of a herd that is:

(1) in the United States Department of Agriculture Herd Certification program; or

(2) subject to similar equivalent disease surveillance at the discretion of the state veterinarian.

Sec. 13. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 1, is amended to read:

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

(b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and machinery used for farming in Minnesota.

(c) "Beginning farmer" means an individual or LLC owned by an individual who:

(1) is a resident of Minnesota;

(2) is seeking entry, or has entered within the last ten years, into farming;

(3) intends to farm land located within the state borders of Minnesota;

(4) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a family member of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

(5) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets; and

(6) meets the following eligibility requirements as determined by the authority:

(i) has a net worth that does not exceed the limit provided under section 41B.03, subdivision 3, paragraph (a), clause (2);

(ii) provides the majority of the day-to-day physical labor and management of the farm;

(iii) has, by the judgment of the authority, adequate farming experience or demonstrates knowledge in the type of farming for which the beginning farmer seeks assistance from the authority;

(iv) demonstrates to the authority a profit potential by submitting projected earnings statements;

(v) asserts to the satisfaction of the authority that farming will be a significant source of income for the beginning farmer;

(vi) is enrolled in or has completed within ten years of their first year of farming a financial management program approved by the authority or the commissioner of agriculture;

(vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility requirements within the three-year certification period, in which case the beginning farmer is no longer eligible for credits under this section; and

(viii) has other qualifications as specified by the authority.

The authority may waive the requirement in item (vi) if the participant requests a waiver and has a four-year degree in an agricultural program or related field, reasonable agricultural job-related experience, or certification as an adult farm management instructor.

(d) "Emerging farmer" means an emerging farmer within the meaning of section 17.055, subdivision 1.

(e) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(f) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

(g) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(h) "Limited land access" has the meaning given in section 17.133, subdivision 1.

~~(h)~~ (i) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(j) "Resident" has the meaning given in section 290.01, subdivision 7.

(k) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 14. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 2, is amended to read:

Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural assets may take a credit against the tax due under chapter 290 for the sale or rental of agricultural assets to a beginning farmer in the amount allocated by the authority under subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

(1) eight percent of the lesser of the sale price or the fair market value of the agricultural asset, up to a maximum of \$50,000;

(2) ten percent of the gross rental income in each of the first, second, and third years of a rental agreement, up to a maximum of \$7,000 per year; or

(3) 15 percent of the cash equivalent of the gross rental income in each of the first, second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

(b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent agreement. The agricultural asset must be rented at prevailing community rates as determined by the authority.

(c) The credit may be claimed only after approval and certification by the authority, and is limited to the amount stated on the certificate issued under subdivision 4. An owner of agricultural assets must apply to the authority for certification and allocation of a credit, in a form and manner prescribed by the authority.

(d) An owner of agricultural assets or beginning farmer may terminate a rental agreement, including a share rent agreement, for reasonable cause upon approval of the authority. If a rental agreement is terminated without the fault of the owner of agricultural assets, the tax credits shall not be retroactively disallowed. In determining reasonable cause, the authority must look at which party was at fault in the termination of the agreement. If the authority determines the owner of agricultural assets did not have reasonable cause, the owner of agricultural assets must repay all credits received as a result of the rental agreement to the commissioner of revenue. The repayment is additional income tax for the taxable year in which the authority makes its decision or when a final adjudication under subdivision 5, paragraph (a), is made, whichever is later.

(e) The credit is limited to the liability for tax as computed under chapter 290 for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this

limitation, the excess is a beginning farmer incentive credit carryover according to section 290.06, subdivision 37.

(f) For purposes of the credit for the sale of agricultural land only, the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply. For a sale to a family member to qualify for the credit, the sales price of the agricultural land must equal or exceed the assessed value of the land as of the date of the sale. For purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

- (1) the owner of the agricultural land; or
- (2) a partner, member, shareholder, or trustee of the owner of the agricultural land.

(g) For a sale to ~~an emerging~~ a farmer experiencing limited land access, the credit rate under paragraph (a), clause (1), is twelve percent rather than eight percent.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 15. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 4, is amended to read:

Subd. 4. **Authority duties.** (a) The authority shall:

(1) approve and certify or recertify beginning farmers as eligible for the program under this section;

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c);

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than \$6,500,000 for taxable years beginning after December 31, 2022, and before

January 1, 2024, and \$4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to ~~emerging farmers~~ owners of agricultural assets who sell or rent agricultural assets to beginning farmers who are experiencing limited land access. Any portion of a taxable year's newly allocated credits that is reserved for ~~emerging sales or rentals to farmers~~ experiencing limited land access that is not allocated by September 30 of the taxable year is available for allocation to other credit allocations beginning on October 1.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 16. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** (a) No later than February 1, 2024, the Rural Finance Authority, in consultation with the commissioner of revenue, must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture, economic development, rural development, and taxes, in compliance with sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in tax years beginning after December 31, 2017, and before January 1, 2024.

(b) The report must include background information on beginning farmers in Minnesota and any other information the commissioner and authority find relevant to evaluating the effect of the credits on increasing opportunities for and the number of beginning farmers.

(c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report must include:

(1) the number and amount of credits issued under each clause;

(2) the geographic distribution of credits issued under each clause;

(3) the type of agricultural assets for which credits were issued under clause (1);

(4) the number and geographic distribution of beginning farmers whose purchase or rental of assets resulted in credits for the seller or owner of the asset;

(5) the number and amount of credits disallowed under subdivision 2, paragraph (d);

(6) data on the number of beginning farmers by geographic region in calendar years 2017 through 2023, including:

(i) the number of beginning farmers by race and ethnicity, as those terms are applied in the 2020 United States Census; and

(ii) the number of beginning farmers who are experiencing limited land access and, to the extent available, the number of beginning farmers who are emerging farmers; and

(7) the number and amount of credit applications that exceeded the allocation available in each year.

(d) For credits issued under subdivision 3, the report must include:

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

(3) a listing and description of each approved financial management program for which credits were issued; and

(4) a description of the approval procedure for financial management programs not on the list maintained by the authority, as provided in subdivision 3, paragraph (a).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 17. Minnesota Statutes 2022, section 41B.047, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock;

(2) purchase watering systems, irrigation systems, ~~and~~ other drought mitigation systems and practices, and feed when drought is the cause of the purchase;

(3) restore farmland;

(4) replace flocks or livestock, make building improvements, or cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of a highly contagious animal disease in a commercial poultry or game flock, or a commercial livestock operation, located in Minnesota; or

(5) cover the loss of revenue when the revenue loss is due to an infectious human disease for which the governor has declared a peacetime emergency under section 12.31.

Sec. 18. **SUPERSEDING EFFECT.**

The amendment to Minnesota Statutes, section 35.155, subdivision 12, in section 12 of this article is intended to supersede the amendment in article 1, section 18, in S.F. No. 4225.

Sec. 19. **REPEALER.**

Minnesota Statutes 2022, section 34.07, is repealed.

ARTICLE 3

BROADBAND

Section 1. Minnesota Statutes 2022, section 116J.396, is amended by adding a subdivision to read:

Subd. 4. **Transfer.** The commissioner may transfer up to \$5,000,000 of a fiscal year appropriation between the border-to-border broadband program, low density population broadband program, and the broadband line extension program to meet demand. The commissioner must inform the chairs and ranking minority members of the legislative committees with jurisdiction over broadband finance in writing when this transfer authority is used. The written notice must include how much money was transferred and why the transfer was made. The written notice must also be filed with the Legislative Reference Library in compliance with Minnesota Statutes, section 3.195.

Sec. 2. **BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.**

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of Commerce requesting State Digital Equity Capacity Grant funding made available under Public Law 117-58, the Infrastructure Investment and Jobs Act.

(b) The amount awarded to Minnesota pursuant to the application submitted under paragraph (a) is appropriated to the commissioner of employment and economic development for purposes of the commissioner's Minnesota Digital Opportunity Plan.

ARTICLE 4

COMMERCE APPROPRIATIONS

Section 1. Laws 2023, chapter 63, article 9, section 5, is amended to read:

Sec. 5. OFFICE OF CANNABIS MANAGEMENT	\$	21,614,000	\$	<u>17,953,000</u>
				<u>20,680,000</u>

The base for this appropriation is ~~\$35,587,000~~ \$36,909,000 in fiscal year 2026 and ~~\$38,144,000~~ \$39,530,000 in fiscal year 2027.

\$1,000,000 the second year is for cannabis industry community renewal grants under Minnesota Statutes, section 342.70. Of these amounts, up to three percent may be used for administrative expenses. The base for this appropriation is \$15,000,000 in fiscal year 2026 and each fiscal year thereafter.

\$1,000,000 each year is for transfer to the CanGrow revolving loan account established

under Minnesota Statutes, section 342.73, subdivision 4. Of these amounts, up to three percent may be used for administrative expenses.

\$1,107,000 the second year is for temporary regulation under the Health Enforcement Consolidation Act of 1993 of edible products extracted from hemp. This is a onetime appropriation.

\$771,000 the second year is for testing products regulated under Minnesota Statutes, section 151.72, and chapter 342. The base for this appropriation is \$690,000 in fiscal year 2026 and each year thereafter.

\$849,000 the second year is for the Office of Cannabis Management to operate a state reference laboratory. The base for this appropriation is \$632,000 in fiscal year 2026 and \$696,000 in fiscal year 2027.

Sec. 2. Laws 2023, chapter 63, article 9, section 10, is amended to read:

Sec. 10. **HEALTH**

Subdivision 1. Total Appropriation	\$	3,300,000	\$	<u>20,252,000</u> <u>23,025,000</u>
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The base for this appropriation is ~~\$19,064,000~~ \$23,242,000 in fiscal year 2026 and ~~each fiscal year thereafter~~ \$23,178,000 in fiscal year 2027.

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Youth <u>Prevention and Education Program</u>	-	0-		<u>5,000,000</u> <u>4,363,000</u>
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For administration and grants under Minnesota Statutes, section 144.197, subdivision 1. Of the amount appropriated, \$2,863,000 is for program operations and administration and \$1,500,000 is for grants. The base for this appropriation is \$4,534,000 in fiscal year 2026 and \$4,470,000 in fiscal year 2027.

Subd. 3. Prevention and Education Grants for Pregnant or Breastfeeding Individuals	-0-	2,000,000 <u>1,788,000</u>
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For ~~grants under~~ a coordinated prevention and education program for pregnant and breastfeeding individuals under Minnesota Statutes, section 144.197, subdivision 2. The base for this appropriation is \$1,834,000 in fiscal year 2026 and each year thereafter.

Subd. 4. Local and Tribal Health Departments	-0-	10,000,000
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For administration and grants under Minnesota Statutes, section 144.197, subdivision 4. Of the amount appropriated, \$1,094,000 is for administration and \$8,906,000 is for grants.

Subd. 5. Cannabis Data Collection and Biennial Reports	493,000	493,000
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For reports under Minnesota Statutes, section 144.196.

Subd. 6. Administration for Expungement Orders	71,000	71,000
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For administration related to orders issued by the Cannabis Expungement Board. The base for this appropriation is \$71,000 in fiscal year 2026, \$71,000 in fiscal year 2027, \$71,000 in fiscal year 2028, \$71,000 in fiscal year 2029, and \$0 in fiscal year 2030.

Subd. 7. Grants to the Minnesota Poison Control System	910,000	810,000
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For administration and grants under Minnesota Statutes, section 145.93. Of the amount appropriated in fiscal year 2025, \$15,000 is for administration and \$795,000 is for grants.

Subd. 8. Temporary Regulation of Edible Products Extracted from Hemp	1,107,000	1,107,000 <u>-0-</u>
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For temporary regulation under the health enforcement consolidation act of edible products extracted from hemp. The commissioner may transfer encumbrances and unobligated amounts from fiscal year 2024 to the Office of Cannabis Management

for this purpose. This is a onetime appropriation.

Subd. 9. **Testing-** 719,000 771,000 -0-

For testing of edible cannabinoid products. ~~The base for this appropriation is \$690,000 in fiscal year 2026 and each fiscal year thereafter.~~ The commissioner may transfer encumbrances and unobligated amounts from fiscal year 2024 to the Office of Cannabis Management for this purpose.

Subd. 10. **Substance Use Treatment, Recovery, and Prevention** -0- 5,500,000

For the purposes outlined in Minnesota Statutes, section 342.72. The base for this appropriation is \$5,500,000 in fiscal year 2026 and each fiscal year thereafter. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to five percent of this appropriation for administrative costs.

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

Sec. 3. Laws 2023, chapter 63, article 9, section 15, subdivision 4, is amended to read:

Subd. 4. **Office of Traffic and Safety** 11,485,000 6,117,000

(a) The base for this appropriation is \$5,000,000 in fiscal year 2026 and each fiscal year thereafter.

(b) \$10,000,000 the first year and \$5,000,000 the second year are for the drug evaluation and classification program for drug recognition evaluator training; additional phlebotomists; drug recognition training for peace officers, as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c); and required continuing education training for drug recognition experts, program administration, grants to local law enforcement divisions, and making grants to eligible employers for drug evaluation and classification training costs of their staff. The commissioner must make reasonable efforts to reflect the geographic

diversity of the state in making expenditures under this appropriation. This appropriation is available until June 30, 2027.

(c) \$1,485,000 the first year and \$1,117,000 the second year are for a roadside testing pilot project. These are onetime appropriations.

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

Sec. 4. Laws 2023, chapter 63, article 9, section 20, is amended to read:

Sec. 20. **TRANSFERS.**

(a) \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are transferred from the general fund to the dual training account in the special revenue fund under Minnesota Statutes, section 136A.246, subdivision 10, for grants to employers in the legal cannabis industry. The base for this transfer is \$1,000,000 in fiscal year 2026 and each fiscal year thereafter. The commissioner may use up to six percent of the amount transferred for administrative costs. The commissioner shall give priority to applications from employers who are, or who are training employees who are, eligible to be social equity applicants under Minnesota Statutes, section 342.17. After June 30, 2025, any unencumbered balance from this transfer may be used for grants to any eligible employer under Minnesota Statutes, section 136A.246.

~~(b) \$5,500,000 in fiscal year 2024 and \$5,500,000 in fiscal year 2025 are transferred from the general fund to the substance use treatment, recovery, and prevention grant account established under Minnesota Statutes, section 342.72. The base for this transfer is \$5,500,000 in fiscal year 2026 and each fiscal year thereafter.~~

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

Sec. 5. **DEPARTMENT OF COMMERCE.**

The general fund base for the commissioner of commerce is increased by \$47,000 in fiscal year 2026 and each year thereafter for the commissioner of commerce to administer and enforce Minnesota Statutes, section 325E.21, subdivision 2c.

Sec. 6. **ATTORNEY GENERAL.**

The general fund base for the attorney general is increased by \$941,000 in fiscal year 2026 and \$701,000 in fiscal year 2027 to enforce the Minnesota Consumer Data Privacy Act under Minnesota Statutes, chapter 325O.

ARTICLE 5

MINNESOTA CONSUMER DATA PRIVACY ACT

Section 1. **[13.6505] ATTORNEY GENERAL DATA CODED ELSEWHERE.**

Subdivision 1. **Scope.** The sections referred to in this section are codified outside this chapter. Those sections classify attorney general data as other than public, place restrictions on access to government data, or involve data sharing.

Subd. 2. **Data privacy and protection assessments.** A data privacy and protection assessment collected or maintained by the attorney general is classified under section 325O.08.

Sec. 2. **[325O.01] CITATION.**

This chapter may be cited as the "Minnesota Consumer Data Privacy Act."

Sec. 3. **[325O.02] DEFINITIONS.**

(a) For purposes of this chapter, the following terms have the meanings given.

(b) "Affiliate" means a legal entity that controls, is controlled by, or is under common control with another legal entity. For purposes of this paragraph, "control" or "controlled" means: ownership of or the power to vote more than 50 percent of the outstanding shares of any class of voting security of a company; control in any manner over the election of a majority of the directors or of individuals exercising similar functions; or the power to exercise a controlling influence over the management of a company.

(c) "Authenticate" means to use reasonable means to determine that a request to exercise any of the rights under section 325O.05, subdivision 1, paragraphs (b) to (h), is being made by or rightfully on behalf of the consumer who is entitled to exercise the rights with respect to the personal data at issue.

(d) "Biometric data" means data generated by automatic measurements of an individual's biological characteristics, including a fingerprint, a voiceprint, eye retinas, irises, or other unique biological patterns or characteristics that are used to identify a specific individual. Biometric data does not include:

(1) a digital or physical photograph;

(2) an audio or video recording; or

(3) any data generated from a digital or physical photograph, or an audio or video recording, unless the data is generated to identify a specific individual.

(e) "Child" has the meaning given in United States Code, title 15, section 6501.

(f) "Consent" means any freely given, specific, informed, and unambiguous indication of the consumer's wishes by which the consumer signifies agreement to the processing of personal data relating to the consumer. Acceptance of a general or broad terms of use or similar document that contains descriptions of personal data processing along with other, unrelated information does not constitute consent. Hovering over, muting, pausing, or closing a given piece of content does not constitute consent. A consent is not valid when the consumer's indication has been obtained by a dark pattern. A consumer may revoke consent previously given, consistent with this chapter.

(g) "Consumer" means a natural person who is a Minnesota resident acting only in an individual or household context. Consumer does not include a natural person acting in a commercial or employment context.

(h) "Controller" means the natural or legal person which, alone or jointly with others, determines the purposes and means of the processing of personal data.

(i) "Decisions that produce legal or similarly significant effects concerning the consumer" means decisions made by the controller that result in the provision or denial by the controller of financial or lending services, housing, insurance, education enrollment or opportunity, criminal justice, employment opportunities, health care services, or access to essential goods or services.

(j) "Dark pattern" means a user interface designed or manipulated with the substantial effect of subverting or impairing user autonomy, decision making, or choice.

(k) "Deidentified data" means data that cannot reasonably be used to infer information about or otherwise be linked to an identified or identifiable natural person or a device linked to an identified or identifiable natural person, provided that the controller that possesses the data:

(1) takes reasonable measures to ensure that the data cannot be associated with a natural person;

(2) publicly commits to process the data only in a deidentified fashion and not attempt to reidentify the data; and

(3) contractually obligates any recipients of the information to comply with all provisions of this paragraph.

(l) "Delete" means to remove or destroy information so that it is not maintained in human- or machine-readable form and cannot be retrieved or utilized in the ordinary course of business.

(m) "Genetic information" has the meaning given in section 13.386, subdivision 1.

(n) "Identified or identifiable natural person" means a person who can be readily identified, directly or indirectly.

(o) "Known child" means a person under circumstances where a controller has actual knowledge of, or willfully disregards, that the person is under 13 years of age.

(p) "Personal data" means any information that is linked or reasonably linkable to an identified or identifiable natural person. Personal data does not include deidentified data or publicly available information. For purposes of this paragraph, "publicly available information" means information that (1) is lawfully made available from federal, state, or local government records or widely distributed media, or (2) a controller has a reasonable basis to believe has lawfully been made available to the general public.

(q) "Process" or "processing" means any operation or set of operations that are performed on personal data or on sets of personal data, whether or not by automated means, including but not limited to the collection, use, storage, disclosure, analysis, deletion, or modification of personal data.

(r) "Processor" means a natural or legal person who processes personal data on behalf of a controller.

(s) "Profiling" means any form of automated processing of personal data to evaluate, analyze, or predict personal aspects related to an identified or identifiable natural person's economic situation, health, personal preferences, interests, reliability, behavior, location, or movements.

(t) "Pseudonymous data" means personal data that cannot be attributed to a specific natural person without the use of additional information, provided that the additional information is kept separately and is subject to appropriate technical and organizational measures to ensure that the personal data are not attributed to an identified or identifiable natural person.

(u) "Sale," "sell," or "sold" means the exchange of personal data for monetary or other valuable consideration by the controller to a third party. Sale does not include the following:

(1) the disclosure of personal data to a processor who processes the personal data on behalf of the controller;

(2) the disclosure of personal data to a third party for purposes of providing a product or service requested by the consumer;

(3) the disclosure or transfer of personal data to an affiliate of the controller;

(4) the disclosure of information that the consumer intentionally made available to the general public via a channel of mass media and did not restrict to a specific audience;

(5) the disclosure or transfer of personal data to a third party as an asset that is part of a completed or proposed merger, acquisition, bankruptcy, or other transaction in which the third party assumes control of all or part of the controller's assets; or

(6) the exchange of personal data between the producer of a good or service and authorized agents of the producer who sell and service the goods and services, to enable the cooperative provisioning of goods and services by both the producer and the producer's agents.

(v) Sensitive data is a form of personal data. "Sensitive data" means:

(1) personal data revealing racial or ethnic origin, religious beliefs, mental or physical health condition or diagnosis, sexual orientation, or citizenship or immigration status;

(2) the processing of biometric data or genetic information for the purpose of uniquely identifying an individual;

(3) the personal data of a known child; or

(4) specific geolocation data.

(w) "Specific geolocation data" means information derived from technology, including but not limited to global positioning system level latitude and longitude coordinates or other mechanisms, that directly identifies the geographic coordinates of a consumer or a device linked to a consumer with an accuracy of more than three decimal degrees of latitude and longitude or the equivalent in

an alternative geographic coordinate system, or a street address derived from the coordinates. Specific geolocation data does not include the content of communications, the contents of databases containing street address information which are accessible to the public as authorized by law, or any data generated by or connected to advanced utility metering infrastructure systems or other equipment for use by a public utility.

(x) "Targeted advertising" means displaying advertisements to a consumer where the advertisement is selected based on personal data obtained or inferred from the consumer's activities over time and across nonaffiliated websites or online applications to predict the consumer's preferences or interests. Targeted advertising does not include:

(1) advertising based on activities within a controller's own websites or online applications;

(2) advertising based on the context of a consumer's current search query or visit to a website or online application;

(3) advertising to a consumer in response to the consumer's request for information or feedback;
or

(4) processing personal data solely for measuring or reporting advertising performance, reach, or frequency.

(y) "Third party" means a natural or legal person, public authority, agency, or body other than the consumer, controller, processor, or an affiliate of the processor or the controller.

(z) "Trade secret" has the meaning given in section 325C.01, subdivision 5.

Sec. 4. **[3250.03] SCOPE; EXCLUSIONS.**

Subdivision 1. **Scope.** (a) This chapter applies to legal entities that conduct business in Minnesota or produce products or services that are targeted to residents of Minnesota, and that satisfy one or more of the following thresholds:

(1) during a calendar year, controls or processes personal data of 100,000 consumers or more, excluding personal data controlled or processed solely for the purpose of completing a payment transaction; or

(2) derives over 25 percent of gross revenue from the sale of personal data and processes or controls personal data of 25,000 consumers or more.

(b) A controller or processor acting as a technology provider under section 13.32 shall comply with this chapter and section 13.32, except that when the provisions of section 13.32 conflict with this chapter, section 13.32 prevails.

Subd. 2. **Exclusions.** (a) This chapter does not apply to the following entities, activities, or types of information:

(1) a government entity, as defined by section 13.02, subdivision 7a;

(2) a federally recognized Indian tribe;

(3) information that meets the definition of:

(i) protected health information, as defined by and for purposes of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;

(ii) health records, as defined in section 144.291, subdivision 2;

(iii) patient identifying information for purposes of Code of Federal Regulations, title 42, part 2, established pursuant to United States Code, title 42, section 290dd-2;

(iv) identifiable private information for purposes of the federal policy for the protection of human subjects, Code of Federal Regulations, title 45, part 46; identifiable private information that is otherwise information collected as part of human subjects research pursuant to the good clinical practice guidelines issued by the International Council for Harmonisation; the protection of human subjects under Code of Federal Regulations, title 21, parts 50 and 56; or personal data used or shared in research conducted in accordance with one or more of the requirements set forth in this paragraph;

(v) information and documents created for purposes of the federal Health Care Quality Improvement Act of 1986, Public Law 99-660, and related regulations; or

(vi) patient safety work product for purposes of Code of Federal Regulations, title 42, part 3, established pursuant to United States Code, title 42, sections 299b-21 to 299b-26;

(4) information that is derived from any of the health care-related information listed in clause (3), but that has been deidentified in accordance with the requirements for deidentification set forth in Code of Federal Regulations, title 45, part 164;

(5) information originating from, and intermingled to be indistinguishable with, any of the health care-related information listed in clause (3) that is maintained by:

(i) a covered entity or business associate, as defined by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;

(ii) a health care provider, as defined in section 144.291, subdivision 2; or

(iii) a program or a qualified service organization, as defined by Code of Federal Regulations, title 42, part 2, established pursuant to United States Code, title 42, section 290dd-2;

(6) information that is:

(i) maintained by an entity that meets the definition of health care provider under Code of Federal Regulations, title 45, section 160.103, to the extent that the entity maintains the information in the manner required of covered entities with respect to protected health information for purposes of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;

(ii) included in a limited data set, as described under Code of Federal Regulations, title 45, part 164.514(e), to the extent that the information is used, disclosed, and maintained in the manner specified by that part;

(iii) maintained by, or maintained to comply with the rules or orders of, a self-regulatory organization as defined by United States Code, title 15, section 78c(a)(26); or

(iv) originated from, or intermingled with, information described in clause (9) and that a licensed residential mortgage originator, as defined under section 58.02, subdivision 19, or residential mortgage servicer, as defined under section 58.02, subdivision 20, collects, processes, uses, or maintains in the same manner as required under the laws and regulations specified in clause (9);

(7) information used only for public health activities and purposes, as described in Code of Federal Regulations, title 45, part 164.512;

(8) an activity involving the collection, maintenance, disclosure, sale, communication, or use of any personal data bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living by a consumer reporting agency, as defined in United States Code, title 15, section 1681a(f), by a furnisher of information, as set forth in United States Code, title 15, section 1681s-2, who provides information for use in a consumer report, as defined in United States Code, title 15, section 1681a(d), and by a user of a consumer report, as set forth in United States Code, title 15, section 1681b, except that information is only excluded under this paragraph to the extent that the activity involving the collection, maintenance, disclosure, sale, communication, or use of the information by the agency, furnisher, or user is subject to regulation under the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681x, and the information is not collected, maintained, used, communicated, disclosed, or sold except as authorized by the Fair Credit Reporting Act;

(9) personal data collected, processed, sold, or disclosed pursuant to the federal Gramm-Leach-Bliley Act, Public Law 106-102, and implementing regulations, if the collection, processing, sale, or disclosure is in compliance with that law;

(10) personal data collected, processed, sold, or disclosed pursuant to the federal Driver's Privacy Protection Act of 1994, United States Code, title 18, sections 2721 to 2725, if the collection, processing, sale, or disclosure is in compliance with that law;

(11) personal data regulated by the federal Family Educational Rights and Privacy Act, United States Code, title 20, section 1232g, and implementing regulations;

(12) personal data collected, processed, sold, or disclosed pursuant to the federal Farm Credit Act of 1971, as amended, United States Code, title 12, sections 2001 to 2279cc, and implementing regulations, Code of Federal Regulations, title 12, part 600, if the collection, processing, sale, or disclosure is in compliance with that law;

(13) data collected or maintained:

(i) in the course of an individual acting as a job applicant to or an employee, owner, director, officer, medical staff member, or contractor of a business if the data is collected and used solely within the context of the role;

(ii) as the emergency contact information of an individual under item (i) if used solely for emergency contact purposes; or

(iii) that is necessary for the business to retain to administer benefits for another individual relating to the individual under item (i) if used solely for the purposes of administering those benefits;

(14) personal data collected, processed, sold, or disclosed pursuant to the Minnesota Insurance Fair Information Reporting Act in sections 72A.49 to 72A.505;

(15) data collected, processed, sold, or disclosed as part of a payment-only credit, check, or cash transaction where no data about consumers, as defined in section 325O.02, are retained;

(16) a state or federally chartered bank or credit union, or an affiliate or subsidiary that is principally engaged in financial activities, as described in United States Code, title 12, section 1843(k);

(17) information that originates from, or is intermingled so as to be indistinguishable from, information described in clause (8) and that a person licensed under chapter 56 collects, processes, uses, or maintains in the same manner as is required under the laws and regulations specified in clause (8);

(18) an insurance company, as defined in section 60A.02, subdivision 4, an insurance producer, as defined in section 60K.31, subdivision 6, a third-party administrator of self-insurance, or an affiliate or subsidiary of any entity identified in this clause that is principally engaged in financial activities, as described in United States Code, title 12, section 1843(k), except that this clause does not apply to a person that, alone or in combination with another person, establishes and maintains a self-insurance program that does not otherwise engage in the business of entering into policies of insurance;

(19) a small business, as defined by the United States Small Business Administration under Code of Federal Regulations, title 13, part 121, except that a small business identified in this clause is subject to section 325O.075;

(20) a nonprofit organization that is established to detect and prevent fraudulent acts in connection with insurance; and

(21) an air carrier subject to the federal Airline Deregulation Act, Public Law 95-504, only to the extent that an air carrier collects personal data related to prices, routes, or services and only to the extent that the provisions of the Airline Deregulation Act preempt the requirements of this chapter.

(b) Controllers that are in compliance with the Children's Online Privacy Protection Act, United States Code, title 15, sections 6501 to 6506, and implementing regulations, shall be deemed compliant with any obligation to obtain parental consent under this chapter.

Sec. 5. [325O.04] RESPONSIBILITY ACCORDING TO ROLE.

(a) Controllers and processors are responsible for meeting the respective obligations established under this chapter.

(b) Processors are responsible under this chapter for adhering to the instructions of the controller and assisting the controller to meet the controller's obligations under this chapter. Assistance under this paragraph shall include the following:

(1) taking into account the nature of the processing, the processor shall assist the controller by appropriate technical and organizational measures, insofar as this is possible, for the fulfillment of the controller's obligation to respond to consumer requests to exercise their rights pursuant to section 325O.05; and

(2) taking into account the nature of processing and the information available to the processor, the processor shall assist the controller in meeting the controller's obligations in relation to the security of processing the personal data and in relation to the notification of a breach of the security of the system pursuant to section 325E.61, and shall provide information to the controller necessary to enable the controller to conduct and document any data privacy and protection assessments required by section 325O.08.

(c) A contract between a controller and a processor shall govern the processor's data processing procedures with respect to processing performed on behalf of the controller. The contract shall be binding and clearly set forth instructions for processing data, the nature and purpose of processing, the type of data subject to processing, the duration of processing, and the rights and obligations of both parties. The contract shall also require that the processor:

(1) ensure that each person processing the personal data is subject to a duty of confidentiality with respect to the data; and

(2) engage a subcontractor only (i) after providing the controller with an opportunity to object, and (ii) pursuant to a written contract in accordance with paragraph (e) that requires the subcontractor to meet the obligations of the processor with respect to the personal data.

(d) Taking into account the context of processing, the controller and the processor shall implement appropriate technical and organizational measures to ensure a level of security appropriate to the risk and establish a clear allocation of the responsibilities between the controller and the processor to implement the technical and organizational measures.

(e) Processing by a processor shall be governed by a contract between the controller and the processor that is binding on both parties and that sets out the processing instructions to which the processor is bound, including the nature and purpose of the processing, the type of personal data subject to the processing, the duration of the processing, and the obligations and rights of both parties. The contract shall include the requirements imposed by this paragraph, paragraphs (c) and (d), as well as the following requirements:

(1) at the choice of the controller, the processor shall delete or return all personal data to the controller as requested at the end of the provision of services, unless retention of the personal data is required by law;

(2) upon a reasonable request from the controller, the processor shall make available to the controller all information necessary to demonstrate compliance with the obligations in this chapter; and

(3) the processor shall allow for, and contribute to, reasonable assessments and inspections by the controller or the controller's designated assessor. Alternatively, the processor may arrange for a qualified and independent assessor to conduct, at least annually and at the processor's expense, an assessment of the processor's policies and technical and organizational measures in support of the obligations under this chapter. The assessor must use an appropriate and accepted control standard or framework and assessment procedure for assessments as applicable, and shall provide a report of an assessment to the controller upon request.

(f) In no event shall any contract relieve a controller or a processor from the liabilities imposed on a controller or processor by virtue of the controller's or processor's roles in the processing relationship under this chapter.

(g) Determining whether a person is acting as a controller or processor with respect to a specific processing of data is a fact-based determination that depends upon the context in which personal data are to be processed. A person that is not limited in the person's processing of personal data pursuant to a controller's instructions, or that fails to adhere to a controller's instructions, is a controller and not a processor with respect to a specific processing of data. A processor that continues to adhere to a controller's instructions with respect to a specific processing of personal data remains a processor. If a processor begins, alone or jointly with others, determining the purposes and means of the processing of personal data, the processor is a controller with respect to the processing.

Sec. 6. [3250.05] CONSUMER PERSONAL DATA RIGHTS.

Subdivision 1. **Consumer rights provided.** (a) Except as provided in this chapter, a controller must comply with a request to exercise the consumer rights provided in this subdivision.

(b) A consumer has the right to confirm whether or not a controller is processing personal data concerning the consumer and access the categories of personal data the controller is processing.

(c) A consumer has the right to correct inaccurate personal data concerning the consumer, taking into account the nature of the personal data and the purposes of the processing of the personal data.

(d) A consumer has the right to delete personal data concerning the consumer.

(e) A consumer has the right to obtain personal data concerning the consumer, which the consumer previously provided to the controller, in a portable and, to the extent technically feasible, readily usable format that allows the consumer to transmit the data to another controller without hindrance, where the processing is carried out by automated means.

(f) A consumer has the right to opt out of the processing of personal data concerning the consumer for purposes of targeted advertising, the sale of personal data, or profiling in furtherance of automated decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer.

(g) If a consumer's personal data is profiled in furtherance of decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer, the consumer has the right to question the result of the profiling, to be informed of the reason that the profiling resulted in the decision, and, if feasible, to be informed of what actions the consumer might have taken to secure a different decision and the actions that the consumer might take to secure a different decision

in the future. The consumer has the right to review the consumer's personal data used in the profiling. If the decision is determined to have been based upon inaccurate personal data, taking into account the nature of the personal data and the purposes of the processing of the personal data, the consumer has the right to have the data corrected and the profiling decision reevaluated based upon the corrected data.

(h) A consumer has a right to obtain a list of the specific third parties to which the controller has disclosed the consumer's personal data. If the controller does not maintain the information in a format specific to the consumer, a list of specific third parties to whom the controller has disclosed any consumers' personal data may be provided instead.

Subd. 2. **Exercising consumer rights.** (a) A consumer may exercise the rights set forth in this section by submitting a request, at any time, to a controller specifying which rights the consumer wishes to exercise.

(b) In the case of processing personal data concerning a known child, the parent or legal guardian of the known child may exercise the rights of this chapter on the child's behalf.

(c) In the case of processing personal data concerning a consumer legally subject to guardianship or conservatorship under sections 524.5-101 to 524.5-502, the guardian or the conservator of the consumer may exercise the rights of this chapter on the consumer's behalf.

(d) A consumer may designate another person as the consumer's authorized agent to exercise the consumer's right to opt out of the processing of the consumer's personal data for purposes of targeted advertising and sale under subdivision 1, paragraph (f), on the consumer's behalf. A consumer may designate an authorized agent by way of, among other things, a technology, including but not limited to an Internet link or a browser setting, browser extension, or global device setting, indicating the consumer's intent to opt out of the processing. A controller shall comply with an opt-out request received from an authorized agent if the controller is able to verify, with commercially reasonable effort, the identity of the consumer and the authorized agent's authority to act on the consumer's behalf.

Subd. 3. **Universal opt-out mechanisms.** (a) A controller must allow a consumer to opt out of any processing of the consumer's personal data for the purposes of targeted advertising, or any sale of the consumer's personal data through an opt-out preference signal sent, with the consumer's consent, by a platform, technology, or mechanism to the controller indicating the consumer's intent to opt out of any processing or sale. The platform, technology, or mechanism must:

(1) not unfairly disadvantage another controller;

(2) not make use of a default setting, but require the consumer to make an affirmative, freely given, and unambiguous choice to opt out of any processing of the consumer's personal data;

(3) be consumer-friendly and easy to use by the average consumer;

(4) be as consistent as possible with any other similar platform, technology, or mechanism required by any federal or state law or regulation; and

(5) enable the controller to accurately determine whether the consumer is a Minnesota resident and whether the consumer has made a legitimate request to opt out of any sale of the consumer's personal data or targeted advertising. For purposes of this paragraph, the use of an Internet protocol address to estimate the consumer's location is sufficient to determine the consumer's residence.

(b) If a consumer's opt-out request is exercised through the platform, technology, or mechanism required under paragraph (a), and the request conflicts with the consumer's existing controller-specific privacy setting or voluntary participation in a controller's bona fide loyalty, rewards, premium features, discounts, or club card program, the controller must comply with the consumer's opt-out preference signal but may also notify the consumer of the conflict and provide the consumer a choice to confirm the controller-specific privacy setting or participation in the controller's program.

(c) The platform, technology, or mechanism required under paragraph (a) is subject to the requirements of subdivision 4.

(d) A controller that recognizes opt-out preference signals that have been approved by other state laws or regulations is in compliance with this subdivision.

Subd. 4. **Controller response to consumer requests.** (a) Except as provided in this chapter, a controller must comply with a request to exercise the rights pursuant to subdivision 1.

(b) A controller must provide one or more secure and reliable means for consumers to submit a request to exercise the consumer rights under this section. The means made available must take into account the ways in which consumers interact with the controller and the need for secure and reliable communication of the requests.

(c) A controller may not require a consumer to create a new account in order to exercise a right, but a controller may require a consumer to use an existing account to exercise the consumer's rights under this section.

(d) A controller must comply with a request to exercise the right in subdivision 1, paragraph (f), as soon as feasibly possible, but no later than 45 days of receipt of the request.

(e) A controller must inform a consumer of any action taken on a request under subdivision 1 without undue delay and in any event within 45 days of receipt of the request. That period may be extended once by 45 additional days where reasonably necessary, taking into account the complexity and number of the requests. The controller must inform the consumer of any extension within 45 days of receipt of the request, together with the reasons for the delay.

(f) If a controller does not take action on a consumer's request, the controller must inform the consumer without undue delay and at the latest within 45 days of receipt of the request of the reasons for not taking action and instructions for how to appeal the decision with the controller as described in subdivision 3.

(g) Information provided under this section must be provided by the controller free of charge, up to twice annually to the consumer. Where requests from a consumer are manifestly unfounded or excessive, in particular because of the repetitive character of the requests, the controller may either charge a reasonable fee to cover the administrative costs of complying with the request, or

refuse to act on the request. The controller bears the burden of demonstrating the manifestly unfounded or excessive character of the request.

(h) A controller is not required to comply with a request to exercise any of the rights under subdivision 1, paragraphs (b) to (h), if the controller is unable to authenticate the request using commercially reasonable efforts. In such cases, the controller may request the provision of additional information reasonably necessary to authenticate the request. A controller is not required to authenticate an opt-out request, but a controller may deny an opt-out request if the controller has a good faith, reasonable, and documented belief that the request is fraudulent. If a controller denies an opt-out request because the controller believes a request is fraudulent, the controller must notify the person who made the request that the request was denied due to the controller's belief that the request was fraudulent and state the controller's basis for that belief.

(i) In response to a consumer request under subdivision 1, a controller must not disclose the following information about a consumer, but must instead inform the consumer with sufficient particularity that the controller has collected that type of information:

- (1) Social Security number;
- (2) driver's license number or other government-issued identification number;
- (3) financial account number;
- (4) health insurance account number or medical identification number;
- (5) account password, security questions, or answers; or
- (6) biometric data.

(j) In response to a consumer request under subdivision 1, a controller is not required to reveal any trade secret.

(k) A controller that has obtained personal data about a consumer from a source other than the consumer may comply with a consumer's request to delete the consumer's personal data pursuant to subdivision 1, paragraph (d), by either:

(1) retaining a record of the deletion request, retaining the minimum data necessary for the purpose of ensuring the consumer's personal data remains deleted from the business's records, and not using the retained data for any other purpose pursuant to the provisions of this chapter; or

(2) opting the consumer out of the processing of personal data for any purpose except for the purposes exempted pursuant to the provisions of this chapter.

Subd. 5. Appeal process required. (a) A controller must establish an internal process whereby a consumer may appeal a refusal to take action on a request to exercise any of the rights under subdivision 1 within a reasonable period of time after the consumer's receipt of the notice sent by the controller under subdivision 3, paragraph (f).

(b) The appeal process must be conspicuously available. The process must include the ease of use provisions in subdivision 3 applicable to submitting requests.

(c) Within 45 days of receipt of an appeal, a controller must inform the consumer of any action taken or not taken in response to the appeal, along with a written explanation of the reasons in support thereof. That period may be extended by 60 additional days where reasonably necessary, taking into account the complexity and number of the requests serving as the basis for the appeal. The controller must inform the consumer of any extension within 45 days of receipt of the appeal, together with the reasons for the delay.

(d) When informing a consumer of any action taken or not taken in response to an appeal pursuant to paragraph (c), the controller must provide a written explanation of the reasons for the controller's decision and clearly and prominently provide the consumer with information about how to file a complaint with the Office of the Attorney General. The controller must maintain records of all appeals and the controller's responses for at least 24 months and shall, upon written request by the attorney general as part of an investigation, compile and provide a copy of the records to the attorney general.

Sec. 7. [3250.06] PROCESSING DEIDENTIFIED DATA OR PSEUDONYMOUS DATA.

(a) This chapter does not require a controller or processor to do any of the following solely for purposes of complying with this chapter:

(1) reidentify deidentified data;

(2) maintain data in identifiable form, or collect, obtain, retain, or access any data or technology, in order to be capable of associating an authenticated consumer request with personal data; or

(3) comply with an authenticated consumer request to access, correct, delete, or port personal data pursuant to section 3250.05, subdivision 1, if all of the following are true:

(i) the controller is not reasonably capable of associating the request with the personal data, or it would be unreasonably burdensome for the controller to associate the request with the personal data;

(ii) the controller does not use the personal data to recognize or respond to the specific consumer who is the subject of the personal data, or associate the personal data with other personal data about the same specific consumer; and

(iii) the controller does not sell the personal data to any third party or otherwise voluntarily disclose the personal data to any third party other than a processor, except as otherwise permitted in this section.

(b) The rights contained in section 3250.05, subdivision 1, paragraphs (b) to (h), do not apply to pseudonymous data in cases where the controller is able to demonstrate any information necessary to identify the consumer is kept separately and is subject to effective technical and organizational controls that prevent the controller from accessing the information.

(c) A controller that uses pseudonymous data or deidentified data must exercise reasonable oversight to monitor compliance with any contractual commitments to which the pseudonymous data or deidentified data are subject, and must take appropriate steps to address any breaches of contractual commitments.

(d) A processor or third party must not attempt to identify the subjects of deidentified or pseudonymous data without the express authority of the controller that caused the data to be deidentified or pseudonymized.

(e) A controller, processor, or third party must not attempt to identify the subjects of data that has been collected with only pseudonymous identifiers.

Sec. 8. **[3250.07] RESPONSIBILITIES OF CONTROLLERS.**

Subdivision 1. **Transparency obligations.** (a) Controllers must provide consumers with a reasonably accessible, clear, and meaningful privacy notice that includes:

(1) the categories of personal data processed by the controller;

(2) the purposes for which the categories of personal data are processed;

(3) an explanation of the rights contained in section 3250.05 and how and where consumers may exercise those rights, including how a consumer may appeal a controller's action with regard to the consumer's request;

(4) the categories of personal data that the controller sells to or shares with third parties, if any;

(5) the categories of third parties, if any, with whom the controller sells or shares personal data;

(6) the controller's contact information, including an active email address or other online mechanism that the consumer may use to contact the controller;

(7) a description of the controller's retention policies for personal data; and

(8) the date the privacy notice was last updated.

(b) If a controller sells personal data to third parties, processes personal data for targeted advertising, or engages in profiling in furtherance of decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer, the controller must disclose the processing in the privacy notice and provide access to a clear and conspicuous method outside the privacy notice for a consumer to opt out of the sale, processing, or profiling in furtherance of decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer. This method may include but is not limited to an internet hyperlink clearly labeled "Your Opt-Out Rights" or "Your Privacy Rights" that directly effectuates the opt-out request or takes consumers to a web page where the consumer can make the opt-out request.

(c) The privacy notice must be made available to the public in each language in which the controller provides a product or service that is subject to the privacy notice or carries out activities related to the product or service.

(d) The controller must provide the privacy notice in a manner that is reasonably accessible to and usable by individuals with disabilities.

(e) Whenever a controller makes a material change to the controller's privacy notice or practices, the controller must notify consumers affected by the material change with respect to any prospectively

collected personal data and provide a reasonable opportunity for consumers to withdraw consent to any further materially different collection, processing, or transfer of previously collected personal data under the changed policy. The controller shall take all reasonable electronic measures to provide notification regarding material changes to affected consumers, taking into account available technology and the nature of the relationship.

(f) A controller is not required to provide a separate Minnesota-specific privacy notice or section of a privacy notice if the controller's general privacy notice contains all the information required by this section.

(g) The privacy notice must be posted online through a conspicuous hyperlink using the word "privacy" on the controller's website home page or on a mobile application's app store page or download page. A controller that maintains an application on a mobile or other device shall also include a hyperlink to the privacy notice in the application's settings menu or in a similarly conspicuous and accessible location. A controller that does not operate a website shall make the privacy notice conspicuously available to consumers through a medium regularly used by the controller to interact with consumers, including but not limited to mail.

Subd. 2. Use of data. (a) A controller must limit the collection of personal data to what is adequate, relevant, and reasonably necessary in relation to the purposes for which the data are processed, which must be disclosed to the consumer.

(b) Except as provided in this chapter, a controller may not process personal data for purposes that are not reasonably necessary to, or compatible with, the purposes for which the personal data are processed, as disclosed to the consumer, unless the controller obtains the consumer's consent.

(c) A controller shall establish, implement, and maintain reasonable administrative, technical, and physical data security practices to protect the confidentiality, integrity, and accessibility of personal data, including the maintenance of an inventory of the data that must be managed to exercise these responsibilities. The data security practices shall be appropriate to the volume and nature of the personal data at issue.

(d) Except as otherwise provided in this act, a controller may not process sensitive data concerning a consumer without obtaining the consumer's consent, or, in the case of the processing of personal data concerning a known child, without obtaining consent from the child's parent or lawful guardian, in accordance with the requirement of the Children's Online Privacy Protection Act, United States Code, title 15, sections 6501 to 6506, and its implementing regulations, rules, and exemptions.

(e) A controller shall provide an effective mechanism for a consumer, or, in the case of the processing of personal data concerning a known child, the child's parent or lawful guardian, to revoke previously given consent under this subdivision. The mechanism provided shall be at least as easy as the mechanism by which the consent was previously given. Upon revocation of consent, a controller shall cease to process the applicable data as soon as practicable, but not later than 15 days after the receipt of the request.

(f) A controller may not process the personal data of a consumer for purposes of targeted advertising, or sell the consumer's personal data, without the consumer's consent, under circumstances where the controller knows that the consumer is between the ages of 13 and 16.

(g) A controller may not retain personal data that is no longer relevant and reasonably necessary in relation to the purposes for which the data were collected and processed, unless retention of the data is otherwise required by law or permitted under section 3250.09.

Subd. 3. **Nondiscrimination.** (a) A controller shall not process personal data on the basis of a consumer's or a class of consumers' actual or perceived race, color, ethnicity, religion, national origin, sex, gender, gender identity, sexual orientation, familial status, lawful source of income, or disability in a manner that unlawfully discriminates against the consumer or class of consumers with respect to the offering or provision of: housing, employment, credit, or education; or the goods, services, facilities, privileges, advantages, or accommodations of any place of public accommodation.

(b) A controller may not discriminate against a consumer for exercising any of the rights contained in this chapter, including denying goods or services to the consumer, charging different prices or rates for goods or services, and providing a different level of quality of goods and services to the consumer. This subdivision does not: (1) require a controller to provide a good or service that requires the personal data of a consumer that the controller does not collect or maintain; or (2) prohibit a controller from offering a different price, rate, level, quality, or selection of goods or services to a consumer, including offering goods or services for no fee, if the offering is in connection with a consumer's voluntary participation in a bona fide loyalty, rewards, premium features, discounts, or club card program.

(c) A controller may not sell personal data to a third-party controller as part of a bona fide loyalty, rewards, premium features, discounts, or club card program under paragraph (b) unless:

(1) the sale is reasonably necessary to enable the third party to provide a benefit to which the consumer is entitled;

(2) the sale of personal data to third parties is clearly disclosed in the terms of the program; and

(3) the third party uses the personal data only for purposes of facilitating a benefit to which the consumer is entitled and does not retain or otherwise use or disclose the personal data for any other purpose.

Subd. 4. **Waiver of rights unenforceable.** Any provision of a contract or agreement of any kind that purports to waive or limit in any way a consumer's rights under this chapter is contrary to public policy and is void and unenforceable.

Sec. 9. **[3250.075] REQUIREMENTS FOR SMALL BUSINESSES.**

(a) A small business, as defined by the United States Small Business Administration under Code of Federal Regulations, title 13, part 121, that conducts business in Minnesota or produces products or services that are targeted to residents of Minnesota, must not sell a consumer's sensitive data without the consumer's prior consent.

(b) Penalties and attorney general enforcement procedures under section 3250.10 apply to a small business that violates this section.

Sec. 10. **[3250.08] DATA PRIVACY POLICIES AND DATA PRIVACY PROTECTION ASSESSMENTS.**

(a) A controller must document and maintain a description of the policies and procedures the controller has adopted to comply with this chapter. The description must include, where applicable:

(1) the name and contact information for the controller's chief privacy officer or other individual with primary responsibility for directing the policies and procedures implemented to comply with the provisions of this chapter; and

(2) a description of the controller's data privacy policies and procedures which reflect the requirements in section 325O.07, and any policies and procedures designed to:

(i) reflect the requirements of this chapter in the design of the controller's systems;

(ii) identify and provide personal data to a consumer as required by this chapter;

(iii) establish, implement, and maintain reasonable administrative, technical, and physical data security practices to protect the confidentiality, integrity, and accessibility of personal data, including the maintenance of an inventory of the data that must be managed to exercise the responsibilities under this item;

(iv) limit the collection of personal data to what is adequate, relevant, and reasonably necessary in relation to the purposes for which the data are processed;

(v) prevent the retention of personal data that is no longer relevant and reasonably necessary in relation to the purposes for which the data were collected and processed, unless retention of the data is otherwise required by law or permitted under section 325O.09; and

(vi) identify and remediate violations of this chapter.

(b) A controller must conduct and document a data privacy and protection assessment for each of the following processing activities involving personal data:

(1) the processing of personal data for purposes of targeted advertising;

(2) the sale of personal data;

(3) the processing of sensitive data;

(4) any processing activities involving personal data that present a heightened risk of harm to consumers; and

(5) the processing of personal data for purposes of profiling, where the profiling presents a reasonably foreseeable risk of:

(i) unfair or deceptive treatment of, or disparate impact on, consumers;

(ii) financial, physical, or reputational injury to consumers;

(iii) a physical or other intrusion upon the solitude or seclusion, or the private affairs or concerns, of consumers, where the intrusion would be offensive to a reasonable person; or

(iv) other substantial injury to consumers.

(c) A data privacy and protection assessment must take into account the type of personal data to be processed by the controller, including the extent to which the personal data are sensitive data, and the context in which the personal data are to be processed.

(d) A data privacy and protection assessment must identify and weigh the benefits that may flow directly and indirectly from the processing to the controller, consumer, other stakeholders, and the public against the potential risks to the rights of the consumer associated with the processing, as mitigated by safeguards that can be employed by the controller to reduce the potential risks. The use of deidentified data and the reasonable expectations of consumers, as well as the context of the processing and the relationship between the controller and the consumer whose personal data will be processed, must be factored into this assessment by the controller.

(e) A data privacy and protection assessment must include the description of policies and procedures required by paragraph (a).

(f) As part of a civil investigative demand, the attorney general may request, in writing, that a controller disclose any data privacy and protection assessment that is relevant to an investigation conducted by the attorney general. The controller must make a data privacy and protection assessment available to the attorney general upon a request made under this paragraph. The attorney general may evaluate the data privacy and protection assessments for compliance with this chapter. Data privacy and protection assessments are classified as nonpublic data, as defined by section 13.02, subdivision 9. The disclosure of a data privacy and protection assessment pursuant to a request from the attorney general under this paragraph does not constitute a waiver of the attorney-client privilege or work product protection with respect to the assessment and any information contained in the assessment.

(g) Data privacy and protection assessments or risk assessments conducted by a controller for the purpose of compliance with other laws or regulations may qualify under this section if the assessments have a similar scope and effect.

(h) A single data protection assessment may address multiple sets of comparable processing operations that include similar activities.

Sec. 11. **[3250.09] LIMITATIONS AND APPLICABILITY.**

(a) The obligations imposed on controllers or processors under this chapter do not restrict a controller's or a processor's ability to:

(1) comply with federal, state, or local laws, rules, or regulations, including but not limited to data retention requirements in state or federal law notwithstanding a consumer's request to delete personal data;

(2) comply with a civil, criminal, or regulatory inquiry, investigation, subpoena, or summons by federal, state, local, or other governmental authorities;

(3) cooperate with law enforcement agencies concerning conduct or activity that the controller or processor reasonably and in good faith believes may violate federal, state, or local laws, rules, or regulations;

(4) investigate, establish, exercise, prepare for, or defend legal claims;

(5) provide a product or service specifically requested by a consumer, perform a contract to which the consumer is a party, including fulfilling the terms of a written warranty, or take steps at the request of the consumer prior to entering into a contract;

(6) take immediate steps to protect an interest that is essential for the life or physical safety of the consumer or of another natural person, and where the processing cannot be manifestly based on another legal basis;

(7) prevent, detect, protect against, or respond to security incidents, identity theft, fraud, harassment, malicious or deceptive activities, or any illegal activity; preserve the integrity or security of systems; or investigate, report, or prosecute those responsible for any such action;

(8) assist another controller, processor, or third party with any of the obligations under this paragraph;

(9) engage in public or peer-reviewed scientific, historical, or statistical research in the public interest that adheres to all other applicable ethics and privacy laws and is approved, monitored, and governed by an institutional review board, human subjects research ethics review board, or a similar independent oversight entity which has determined that:

(i) the research is likely to provide substantial benefits that do not exclusively accrue to the controller;

(ii) the expected benefits of the research outweigh the privacy risks; and

(iii) the controller has implemented reasonable safeguards to mitigate privacy risks associated with research, including any risks associated with reidentification; or

(10) process personal data for the benefit of the public in the areas of public health, community health, or population health, but only to the extent that the processing is:

(i) subject to suitable and specific measures to safeguard the rights of the consumer whose personal data is being processed; and

(ii) under the responsibility of a professional individual who is subject to confidentiality obligations under federal, state, or local law.

(b) The obligations imposed on controllers or processors under this chapter do not restrict a controller's or processor's ability to collect, use, or retain data to:

(1) effectuate a product recall or identify and repair technical errors that impair existing or intended functionality;

(2) perform internal operations that are reasonably aligned with the expectations of the consumer based on the consumer's existing relationship with the controller, or are otherwise compatible with processing in furtherance of the provision of a product or service specifically requested by a consumer or the performance of a contract to which the consumer is a party; or

(3) conduct internal research to develop, improve, or repair products, services, or technology.

(c) The obligations imposed on controllers or processors under this chapter do not apply where compliance by the controller or processor with this chapter would violate an evidentiary privilege under Minnesota law and do not prevent a controller or processor from providing personal data concerning a consumer to a person covered by an evidentiary privilege under Minnesota law as part of a privileged communication.

(d) A controller or processor that discloses personal data to a third-party controller or processor in compliance with the requirements of this chapter is not in violation of this chapter if the recipient processes the personal data in violation of this chapter, provided that at the time of disclosing the personal data, the disclosing controller or processor did not have actual knowledge that the recipient intended to commit a violation. A third-party controller or processor receiving personal data from a controller or processor in compliance with the requirements of this chapter is not in violation of this chapter for the obligations of the controller or processor from which the third-party controller or processor receives the personal data.

(e) Obligations imposed on controllers and processors under this chapter shall not:

(1) adversely affect the rights or freedoms of any persons, including exercising the right of free speech pursuant to the First Amendment of the United States Constitution; or

(2) apply to the processing of personal data by a natural person in the course of a purely personal or household activity.

(f) Personal data that are processed by a controller pursuant to this section may be processed solely to the extent that the processing is:

(1) necessary, reasonable, and proportionate to the purposes listed in this section;

(2) adequate, relevant, and limited to what is necessary in relation to the specific purpose or purposes listed in this section; and

(3) insofar as possible, taking into account the nature and purpose of processing the personal data, subjected to reasonable administrative, technical, and physical measures to protect the confidentiality, integrity, and accessibility of the personal data, and to reduce reasonably foreseeable risks of harm to consumers.

(g) If a controller processes personal data pursuant to an exemption in this section, the controller bears the burden of demonstrating that the processing qualifies for the exemption and complies with the requirements in paragraph (f).

(h) Processing personal data solely for the purposes expressly identified in paragraph (a), clauses (1) to (7), does not, by itself, make an entity a controller with respect to the processing.

Sec. 12. [3250.10] ATTORNEY GENERAL ENFORCEMENT.

(a) In the event that a controller or processor violates this chapter, the attorney general, prior to filing an enforcement action under paragraph (b), must provide the controller or processor with a warning letter identifying the specific provisions of this chapter the attorney general alleges have

been or are being violated. If, after 30 days of issuance of the warning letter, the attorney general believes the controller or processor has failed to cure any alleged violation, the attorney general may bring an enforcement action under paragraph (b). This paragraph expires January 31, 2026.

(b) The attorney general may bring a civil action against a controller or processor to enforce a provision of this chapter in accordance with section 8.31. If the state prevails in an action to enforce this chapter, the state may, in addition to penalties provided by paragraph (c) or other remedies provided by law, be allowed an amount determined by the court to be the reasonable value of all or part of the state's litigation expenses incurred.

(c) Any controller or processor that violates this chapter is subject to an injunction and liable for a civil penalty of not more than \$7,500 for each violation.

(d) Nothing in this chapter establishes a private right of action, including under section 8.31, subdivision 3a, for a violation of this chapter or any other law.

Sec. 13. **[3250.11] PREEMPTION OF LOCAL LAW; SEVERABILITY.**

(a) This chapter supersedes and preempts laws, ordinances, regulations, or the equivalent adopted by any local government regarding the processing of personal data by controllers or processors.

(b) If any provision of this chapter or this chapter's application to any person or circumstance is held invalid, the remainder of this chapter or the application of the provision to other persons or circumstances is not affected.

Sec. 14. **EFFECTIVE DATE.**

This article is effective July 31, 2025, except that postsecondary institutions regulated by the Office of Higher Education are not required to comply with this article until July 31, 2029.

ARTICLE 6

COMMERCE POLICY

Section 1. Minnesota Statutes 2022, section 45.0135, subdivision 7, is amended to read:

Subd. 7. **Assessment.** Each insurer authorized to sell insurance in the state of Minnesota, including surplus lines carriers, and having Minnesota earned premium the previous calendar year shall remit an assessment to the commissioner for deposit in the insurance fraud prevention account on or before June 1 of each year. The amount of the assessment shall be based on the insurer's total assets and on the insurer's total written Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13. ~~The assessment is calculated to be an amount up to the following~~ Beginning with the payment due on or before June 1, 2024, the assessment amount is:

Total Assets	Assessment
	<u>200</u>
Less than \$100,000,000	\$ <u>400</u>
	<u>750</u>
\$100,000,000 to \$1,000,000,000	\$ <u>1,500</u>

		2,000
Over \$1,000,000,000	\$	<u>4,000</u>
Minnesota Written Premium		Assessment
		200
Less than \$10,000,000	\$	<u>400</u>
		750
\$10,000,000 to \$100,000,000	\$	<u>1,500</u>
		2,000
Over \$100,000,000	\$	<u>4,000</u>

For purposes of this subdivision, the following entities are not considered to be insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or township mutuals organized under chapter 67A.

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

Sec. 2. [58B.051] REGISTRATION FOR LENDERS.

(a) Beginning January 1, 2025, a lender must register with the commissioner as a lender before providing services in Minnesota. A lender must not offer or make a student loan to a resident of Minnesota without first registering with the commissioner as provided in this section.

(b) A registration application must include:

(1) the lender's name;

(2) the lender's address;

(3) the names of all officers, directors, partners, and owners of controlling interests in the lender;

(4) the addresses of all officers, directors, partners, and owners of controlling interests in the lender; and

(5) any other information the commissioner requires by rule.

(c) A lender must renew the lender's registration on an annual basis and may be required to pay a fee at the time of renewal.

(d) The commissioner may adopt and enforce:

(1) registration procedures for lenders, which may include using the Nationwide Multistate Licensing System and Registry;

(2) registration fees for lenders, which may include fees for using the Nationwide Multistate Licensing System and Registry, to be paid directly by the lender;

(3) procedures and fees to renew a lender's registration, which may include fees for the renewed use of Nationwide Multistate Licensing System and Registry, to be paid directly by the lender; and

(4) alternate registration procedures and fees for institutions of postsecondary education that offer student loans.

Sec. 3. **[62J.96] ACCESS TO 340B DRUGS.**

Subdivision 1. **Manufacturers.** A manufacturer must not directly or indirectly restrict, prohibit, or otherwise interfere with the delivery of a covered outpatient drug to a pharmacy that is under contract with a 340B covered entity to receive and dispense covered outpatient drugs on behalf of the covered entity, unless the delivery of the drug to the pharmacy is prohibited under the 340B Drug Pricing Program.

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "340B covered entity" has the meaning provided in section 340B(a)(4) of the Public Health Service Act.

(c) "Covered outpatient drug" has the meaning provided in section 1927(k) of the Social Security Act.

(d) "Manufacturer" has the meaning provided in section 151.01, subdivision 14a.

Sec. 4. Minnesota Statutes 2022, section 62Q.73, subdivision 3, is amended to read:

Subd. 3. **Right to external review.** (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination, if applicable under section 62Q.68, subdivision 1, or 62M.06, to the commissioner of health if the request involves a health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. Notification of the enrollee's right to external review must accompany the denial issued by the insurer. ~~The written request must be accompanied by a filing fee of \$25. The fee may be waived by the commissioner of health or commerce in cases of financial hardship and must be refunded if the adverse determination is completely reversed. No enrollee may be subject to filing fees totaling more than \$75 during a plan year for group coverage or policy year for individual coverage.~~

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review ~~in excess of the filing fee described in paragraph (a) shall~~ must be borne by the health plan company.

(d) The enrollee must request external review within six months from the date of the adverse determination.

Sec. 5. Minnesota Statutes 2023 Supplement, section 144.197, is amended to read:

144.197 CANNABIS AND SUBSTANCE MISUSE PREVENTION AND EDUCATION PROGRAMS.

Subdivision 1. **Youth prevention and education program.** The commissioner of health, in consultation with the commissioners of human services and education and in collaboration with local health departments and Tribal health departments, shall conduct a long-term, coordinated ~~education~~ program to raise public awareness about ~~and address the top three~~ substance misuse prevention, treatment options, and recovery options. The program must address adverse health effects, ~~as determined by the commissioner,~~ associated with the use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products by persons under age 25. In conducting this education program, the commissioner shall engage and consult with youth around the state on program content and on methods to effectively disseminate program information to youth around the state.

Subd. 2. **Prevention and education program for pregnant and breastfeeding individuals; and individuals who may become pregnant.** The commissioner of health, in consultation with the commissioners of human services and education, shall conduct a long-term, coordinated prevention program to educate focused on (1) preventing substance use by pregnant individuals, breastfeeding individuals, and individuals who may become pregnant, and (2) raising public awareness of the risks of substance use while pregnant or breastfeeding. The program must include education on the adverse health effects of prenatal exposure to cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products and on the adverse health effects experienced by infants and children who are exposed to cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in breast milk, from secondhand smoke, or by ingesting cannabinoid products. This prevention and education program must also educate individuals on what constitutes a substance use disorder, signs of a substance use disorder, and treatment options for persons with a substance use disorder. The prevention and education program must also provide resources, including training resources, technical assistance, or educational materials, to local public health home visiting programs, Tribal home visiting programs, and child welfare workers.

Subd. 3. **Home visiting programs.** The commissioner of health shall provide training, technical assistance, and education materials to local public health home visiting programs and Tribal home visiting programs and child welfare workers regarding the safe and unsafe use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in homes with infants and young children. Training, technical assistance, and education materials shall address substance use, the signs of a substance use disorder, treatment options for persons with a substance use disorder, the dangers of driving under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products, how to safely consume cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in homes with infants and young children, and how to prevent infants and young children from being exposed to cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products by ingesting cannabinoid products or through secondhand smoke.

Subd. 4. **Local and Tribal health departments.** The commissioner of health shall distribute grants to local health departments and Tribal health departments for ~~these~~ the departments to create and disseminate educational materials on cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products and to provide safe use and prevention training, education, technical assistance, and community engagement regarding cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products. prevention, education, and recovery programs focusing on substance misuse prevention and treatment options. The programs must include specific cannabis-related initiatives.

Sec. 6. Minnesota Statutes 2023 Supplement, section 325E.21, subdivision 1b, is amended to read:

Subd. 1b. **Purchase or acquisition record required.** (a) Every scrap metal dealer, including an agent, employee, or representative of the dealer, shall create a permanent record written in English, using an electronic record program at the time of each purchase or acquisition of scrap metal or a motor vehicle. The record must include:

(1) a complete and accurate account or description, including the weight if customarily purchased by weight, of the scrap metal or motor vehicle purchased or acquired;

(2) the date, time, and place of the receipt of the scrap metal or motor vehicle purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's proof of identification including the identification number;

(4) the amount paid and the number of the check or electronic transfer used to purchase or acquire the scrap metal or motor vehicle;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap metal or motor vehicle, including the vehicle make and model, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

(6) a statement signed by the seller, under penalty of perjury as provided in section 609.48, attesting that the scrap metal or motor vehicle is not stolen and is free of any liens or encumbrances and the seller has the right to sell it;

(7) a copy of the receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal or motor vehicle was received by the dealer, an accurate description of the scrap metal or motor vehicle, and the amount paid for the scrap metal or motor vehicle;

(8) in order to purchase or acquire a detached catalytic converter, the vehicle identification number of the car it was removed from or, as an alternative, any numbers, bar codes, stickers, or other unique markings, whether resulting from the pilot project created under subdivision 2b or some other source. The alternative number must be under a numbering system that can be immediately linked to the vehicle identification number by law enforcement; ~~and~~

(9) the identity or identifier of the employee completing the transaction; and

(10) if the seller is attempting to sell copper metal, a photocopy or electronic scan of the seller's current license to sell scrap metal copper issued by the commissioner under subdivision 2c.

(b) The record, as well as the scrap metal or motor vehicle purchased or acquired, shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(c) Except for the purchase or acquisition of detached catalytic converters or motor vehicles, no record is required for property purchased or acquired from merchants, manufacturers, salvage pools, insurance companies, rental car companies, financial institutions, charities, dealers licensed

under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased or acquired at open sale from any bankrupt stock, but a receipt as required under paragraph (a), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

(d) The dealer must provide a copy of the receipt required under paragraph (a), clause (7), to the seller in every transaction.

(e) The commissioner of public safety and law enforcement agencies in the jurisdiction where a dealer is located may conduct inspections and audits as necessary to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

(f) Except as otherwise provided in this section, a scrap metal dealer or the dealer's agent, employee, or representative may not disclose personal information concerning a customer without the customer's consent unless the disclosure is required by law or made in response to a request from a law enforcement agency. A scrap metal dealer must implement reasonable safeguards to protect the security of the personal information and prevent unauthorized access to or disclosure of the information. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a).

Sec. 7. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 2c. **License required for scrap metal copper sale.** (a) Beginning January 1, 2025, a person is prohibited from engaging in the sale of scrap metal copper unless the person has a valid license issued by the commissioner under this subdivision.

(b) A seller of scrap metal copper may apply to the commissioner on a form prescribed by the commissioner. The application form must include, at a minimum:

(1) the name, permanent address, telephone number, and date of birth of the applicant; and

(2) an acknowledgment that the applicant obtained the copper by lawful means in the regular course of the applicant's business, trade, or authorized construction work.

(c) Each application must be accompanied by a nonrefundable fee of \$250.

(d) Within 30 days of the date an application is received, the commissioner may require additional information or submissions from an applicant and may obtain any document or information that is reasonably necessary to verify the information contained in the application. Within 90 days after the date a completed application is received, the commissioner must review the application and issue a license if the applicant is deemed qualified under this section. The commissioner may issue a license subject to restrictions or limitations. If the commissioner determines the applicant is not qualified, the commissioner must notify the applicant and must specify the reason for the denial.

(e) A person licensed to perform work pursuant to chapter 326B or section 103I.501 or issued a Section 608 Technician Certification is deemed to hold a license to sell scrap metal copper.

(f) A license issued under this subdivision is valid for one year. To renew a license, an applicant must submit a completed renewal application on a form prescribed by the commissioner and a renewal fee of \$250. The commissioner may request that a renewal applicant submit additional information to clarify any new information presented in the renewal application. A renewal application submitted after the renewal deadline must be accompanied by a nonrefundable late fee of \$500.

(g) The commissioner may deny a license renewal under this subdivision if:

(1) the commissioner determines that the applicant is in violation of or noncompliant with federal or state law; or

(2) the applicant fails to timely submit a renewal application and the information required under this subdivision.

(h) In lieu of denying a renewal application under paragraph (g), the commissioner may permit the applicant to submit to the commissioner a corrective action plan to cure or correct deficiencies.

(i) The commissioner may suspend, revoke, or place on probation a license issued under this subdivision if:

(1) the applicant engages in fraudulent activity that violates state or federal law;

(2) the commissioner receives consumer complaints that justify an action under this subdivision to protect the safety and interests of consumers;

(3) the applicant fails to pay an application license or renewal fee; or

(4) the applicant fails to comply with a requirement set forth in this subdivision.

(j) This subdivision does not apply to transfers by or to an auctioneer who is in compliance with chapter 330 and acting in the person's official role as an auctioneer to facilitate or conduct an auction of scrap metal.

(k) The commissioner must enforce this subdivision under chapter 45.

Sec. 8. Minnesota Statutes 2023 Supplement, section 342.72, is amended to read:

342.72 SUBSTANCE USE TREATMENT, RECOVERY, AND PREVENTION GRANTS.

Subdivision 1. ~~Account established; Appropriation.~~ A substance use treatment, recovery, and prevention grant ~~account~~ is created ~~in the special revenue fund~~. Money ~~in the account, including interest earned,~~ is appropriated to the ~~office~~ commissioner of health for the purposes specified in this section. ~~Of the amount transferred from the general fund to the account, the office may use up to five percent for administrative expenses.~~

Subd. 2. ~~Acceptance of gifts and grants.~~ Notwithstanding sections 16A.013 to 16A.016, the ~~office may accept money contributed by individuals and may apply for grants from charitable foundations to be used for the purposes identified in this section. The money accepted under this section must be deposited in the substance use treatment, recovery, and prevention grant account created under subdivision 1.~~

Subd. 3. **Disposition of money; grants.** (a) Money ~~in the substance use treatment, recovery, and prevention grant account~~ appropriated to the commissioner of health for purposes of this section must be distributed as follows:

(1) at least 75 percent of the money is for grants for substance use disorder and mental health recovery and prevention programs. Funds must be used for recovery and prevention activities and supplies that assist individuals and families to initiate, stabilize, and maintain long-term recovery from substance use disorders and co-occurring mental health conditions. Recovery and prevention activities may include prevention education, school-linked behavioral health, school-based peer programs, peer supports, self-care and wellness, culturally specific healing, community public awareness, mutual aid networks, telephone recovery checkups, mental health warmlines, harm reduction, recovery community organization development, first episode psychosis programs, and recovery housing; and

(2) up to 25 percent of the money is for substance use disorder treatment programs as defined in chapter 245G and may be used to implement, strengthen, or expand supportive services and activities that are not covered by medical assistance under chapter 256B, MinnesotaCare under chapter 256L, or the behavioral health fund under chapter 254B. Services and activities may include adoption or expansion of evidence-based practices; competency-based training; continuing education; culturally specific and culturally responsive services; sober recreational activities; developing referral relationships; family preservation and healing; and start-up or capacity funding for programs that specialize in adolescent, culturally specific, culturally responsive, disability-specific, co-occurring disorder, or family treatment services.

(b) ~~The office commissioner of health~~ shall consult with the Governor's Advisory Council on Opioids, Substance Use, and Addiction; the commissioner of human services; and ~~the commissioner of health~~ the Office of Cannabis Management to develop an appropriate application process, establish grant requirements, determine what organizations are eligible to receive grants, and establish reporting requirements for grant recipients.

Subd. 4. **Reports to the legislature.** By January 15, 2024, ~~and each January 15 thereafter year,~~ the office commissioner of health must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over health and human services policy and finance that details grants awarded from the substance use treatment, recovery, and prevention grant account, including the total amount awarded, total number of recipients, and geographic distribution of those recipients."

Page 2, lines 10, 16, and 28, delete "3" and insert "9"

Page 2, after line 30, insert:

"Sec. 4. **GRANT ADMINISTRATION REPORTING.**

(a) By July 1, 2024, the commissioner of commerce shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy the anticipated costs for administering each named grant and competitive grant program in Laws 2023, chapter 60, article 10, section 2, and Laws, 2023, chapter 60, article 11, section 2.

(b) Within 90 days after each named grantee has fulfilled the obligations of their grant agreement, the commissioner shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy on the final cost for administering each named grant included in paragraph (a), and for each named grant in articles 7 and 8 of this act.

(c) By January 15, 2025, and each year thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy on the annual cost for administering each competitive grant program included in paragraph (a), and for each competitive grant program enacted in articles 8 and 9 of this act."

Renumber the articles in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "authorizing supplemental agriculture appropriations; providing broadband appropriation transfer authority; making policy and technical changes to agriculture provisions; establishing and modifying agriculture programs; requiring an application for federal broadband aid; modifying appropriations to the Office of Cannabis Management and the Department of Health; modifying fees assessed by the Department of Commerce; adding the Minnesota Consumer Data Privacy Act; adding and modifying consumer protection provisions; appropriating money for energy, utilities, environment, and climate; requiring utilities to accept an individual taxpayer identification number when new customers apply for utility service; allowing public utilities providing electric service to propose goals for fuel-switching improvement achievements to the commissioner of commerce; modifying the commercial property assessed clean energy program; making technical changes to various provisions governing or administered by the Department of Commerce; requiring reports; appropriating money;"

Page 1, delete lines 3 to 7

Page 1, line 8, delete everything before "amending"

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

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

H.F. No. 4310 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
4310	4890				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 4312, 5153, 4483, and 4942 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 4310 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Drazkowski introduced--

S.F. No. 5465: A bill for an act relating to capital investment; appropriating money for drinking water system improvements in the city of Red Wing; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Lucero, Gruenhagen, Drazkowski, Bahr, and Green introduced--

S.F. No. 5466: A bill for an act relating to civil law; creating the Minnesota Women's Bill of Rights; defining terms for all statutes and rules; proposing coding for new law in Minnesota Statutes, chapter 15.

Referred to the Committee on Judiciary and Public Safety.

Senators Pratt, Jasinski, and Housley introduced--

S.F. No. 5467: A bill for an act relating to capital investment; establishing a debt limit; amending Minnesota Statutes 2022, section 16A.105.

Referred to the Committee on Capital Investment.

Senator Dornink introduced--

S.F. No. 5468: A bill for an act relating to capital investment; appropriating money for a public safety facility for Mower County sheriff's office, city of Austin police department, and a dispatch center; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Hoffman introduced--

S.F. No. 5469: A bill for an act relating to capital investment; appropriating money for the Brooklyn Park community activity center; authorizing the sale and issuance of state bonds; amending Laws 2023, chapter 71, article 1, section 14, subdivision 10, as amended.

Referred to the Committee on Capital Investment.

Senators Port, Mohamed, Westlin, and Maye Quade introduced--

S.F. No. 5470: A bill for an act relating to education finance; establishing minimum compensation rates for teachers and certain other school staff; establishing aid programs to support teacher base compensation and unlicensed staff wage requirements; proposing coding for new law in Minnesota Statutes, chapter 122A.

Referred to the Committee on Education Finance.

Senator Pappas introduced--

S.F. No. 5471: A bill for an act relating to housing; appropriating money for a grant to Community Stabilization Project.

Referred to the Committee on Housing and Homelessness Prevention.

Senator Pappas introduced--

S.F. No. 5472: A bill for an act relating to capital investment; appropriating money for a community multicultural center in the city of St. Paul.

Referred to the Committee on Capital Investment.

Senator Pappas introduced--

S.F. No. 5473: A bill for an act relating to capital investment; appropriating money for improvements at the Rondo Commemorative Plaza.

Referred to the Committee on Capital Investment.

Senator Nelson introduced--

S.F. No. 5474: A bill for an act relating to capital investment; appropriating money for intersection improvements along marked U.S. Highway 14 in the city of Byron; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Nelson introduced--

S.F. No. 5475: A bill for an act relating to transportation; appropriating money for intersection improvements along marked U.S. Highway 14 in the city of Byron; authorizing the sale and issuance of state bonds.

Referred to the Committee on Transportation.

MOTIONS AND RESOLUTIONS

Pursuant to Article 4, Section 7 of the Constitution of the State of Minnesota, Senator Lucero moved the Committee on Rules and Administration be compelled by the Senate to immediately initiate due process proceedings requested in the ethics complaint filed April 24, 2024, in accordance with Senate Rule 55 and Section 562 of Mason's Manual of Legislative Procedure to consider expelling Senator Nicole Mitchell from the Minnesota Senate.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on the Lucero motion. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Lucero motion.

The roll was called, and there were yeas 33 and nays 33, 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 Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Coleman, and Lang.

Those who voted in the negative were:

Boldon	Frentz	Kupec	Morrison	Rest
Carlson	Gustafson	Latz	Murphy	Seeberger
Champion	Hauschild	Mann	Oumou Verbeten	Westlin
Cwodzinski	Hawj	Marty	Pappas	Wiklund
Dibble	Hoffman	Maye Quade	Pha	Xiong
Dziedzic	Klein	McEwen	Port	
Fateh	Kunesh	Mohamed	Putnam	

Pursuant to Rule 40, Senator Morrison cast the negative vote on behalf of the following Senators: Dziedzic and Port.

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Champion moved that the name of Senator Cwodzinski be added as a co-author to S.F. No. 3015. The motion prevailed.

Senator Utke moved that the name of Senator Nelson be added as a co-author to S.F. No. 3742. The motion prevailed.

Senator Nelson moved that her name be stricken as a co-author to S.F. No. 4035. The motion prevailed.

Senator Pha moved that the name of Senator Fateh be added as a co-author to S.F. No. 5065. The motion prevailed.

Senator Hoffman introduced --

Senate Resolution No. 94: A Senate resolution honoring Forster Davis and his contributions to youth soccer in Minnesota.

Referred to the Committee on Rules and Administration.

MEMBERS EXCUSED

Senator Mitchell was excused from the Session of today.

ADJOURNMENT

Senator Murphy moved that the Senate do now adjourn until 11:00 a.m., Thursday, April 25, 2024. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate

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Wednesday, April 24, 2024

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