

## THIRTY-FOURTH DAY

St. Paul, Minnesota, Thursday, March 26, 2015

The Senate met at 11:00 a.m. and was called to order by the President.

**CALL OF THE SENATE**

Senator Bakk 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. Jon Ellefson.

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 answered to their names:

Anderson	Eaton	Jensen	Nienow	Sheran
Bakk	Eken	Johnson	Ortman	Sieben
Benson	Fischbach	Kent	Osmeck	Skoe
Bonoff	Franzen	Kiffmeyer	Pappas	Sparks
Carlson	Gazelka	Koenen	Pederson, J.	Stumpf
Chamberlain	Goodwin	Latz	Petersen, B.	Thompson
Champion	Hall	Limmer	Pratt	Tomassoni
Clausen	Hann	Lourey	Rest	Weber
Cohen	Hawj	Marty	Rosen	Westrom
Dahle	Hayden	Metzen	Ruud	Wiger
Dahms	Hoffman	Miller	Saxhaug	Wiklund
Dibble	Housley	Nelson	Scalze	
Dziedzic	Ingebrigtsen	Newman	Senjem	

The President declared a quorum present.

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

**REPORTS OF COMMITTEES**

Senator Bakk moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1440. The motion prevailed.

**Senator Metzen from the Committee on Commerce, to which was referred**

**S.F. No. 1645:** A bill for an act relating to commerce; modifying unclaimed property requirements; modifying the commissioner's duties; requiring reports; appropriating money; amending Minnesota Statutes 2014, section 345.42, subdivision 1, by adding a subdivision.

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

Page 1, line 7, delete "(a)"

Page 1, delete lines 17 and 18

Page 3, delete section 4

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

Amend the title numbers accordingly

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

**Senator Metzen from the Committee on Commerce, to which was re-referred**

**S.F. No. 632:** A bill for an act relating to transportation; commerce; providing for proof of insurance in electronic format; amending Minnesota Statutes 2014, section 169.791, subdivisions 1, 2.

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

**Senator Metzen from the Committee on Commerce, to which was referred**

**S.F. No. 674:** A bill for an act relating to environment; prohibiting sale of certain personal care products containing synthetic plastic microbeads; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Environment and Energy. Report adopted.

**Senator Latz from the Committee on Judiciary, to which was re-referred**

**S.F. No. 1440:** A bill for an act relating to health; making changes to the Minnesota prescription monitoring program; amending Minnesota Statutes 2014, section 152.126, subdivisions 1, 3, 5, 6; repealing Laws 2014, chapter 286, article 7, section 4.

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

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

**Senator Latz from the Committee on Judiciary, to which was referred**

**S.F. No. 1120:** A bill for an act relating to public safety; expanding fourth-degree assault protections to employees supervising and working directly with mentally ill and dangerous patients; amending Minnesota Statutes 2014, section 609.2231, subdivision 3a.

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

Page 2, line 4, delete "bodily fluids" and insert "urine, blood, semen," and delete "at or"

Page 2, line 6, reinstate the stricken "paragraph (b)" and delete "this"

Page 2, line 7, delete "subdivision"

Page 2, lines 14 and 16, reinstate the stricken "paragraph (b)"

Page 2, lines 15 and 16, delete "this subdivision"

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

**Senator Latz from the Committee on Judiciary, to which was referred**

**S.F. No. 1587:** A bill for an act relating to real property; extending the protection of the equity-stripping law to owners of agricultural property; amending Minnesota Statutes 2014, sections 325N.10, subdivisions 2, 7; 325N.17.

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

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2014, section 325N.01, is amended to read:

**325N.01 DEFINITIONS.**

The definitions in paragraphs (a) to (h) apply to sections 325N.01 to 325N.09.

(a) "Foreclosure consultant" means any person who, directly or indirectly, makes any solicitation, representation, or offer to any owner to perform for compensation or who, for compensation, performs any service which the person in any manner represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale;
- (2) obtain any forbearance from any beneficiary or mortgagee;
- (3) assist the owner to exercise the right of reinstatement provided in section 580.30;
- (4) obtain any extension of the period within which the owner may reinstate the owner's obligation;
- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in foreclosure or contained in the mortgage;
- (6) assist the owner in foreclosure or loan default to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale;
- (8) save the owner's residence from foreclosure; or
- (9) negotiate or modify the terms or conditions of an existing residential mortgage loan.

(b) A foreclosure consultant does not include any of the following:

- (1) a person licensed to practice law in this state when the person renders service in the course of the person's practice as an attorney-at-law;
- (2) a person licensed as a debt management services provider under chapter 332A, when the person is acting as a debt management services provider as defined in that chapter;
- (3) a person licensed as a real estate broker or salesperson under chapter 82 when the person engages in acts whose performance requires licensure under that chapter unless the person is engaged in offering services designed to, or purportedly designed to, enable the owner to retain possession of the residence in foreclosure;

(4) a person licensed as an accountant under chapter 326A when the person is acting in any capacity for which the person is licensed under those provisions;

(5) a person or the person's authorized agent acting under the express authority or written approval of the Department of Housing and Urban Development or other department or agency of the United States or this state to provide services;

(6) a person who holds or is owed an obligation secured by a lien on any residence in foreclosure when the person performs services in connection with this obligation or lien if the obligation or lien did not arise as the result of or as part of a proposed foreclosure reconveyance;

(7) any person or entity doing business under any law of this state, or of the United States relating to banks, trust companies, savings and loan associations, industrial loan and thrift companies, regulated lenders, credit unions, insurance companies, or a mortgagee which is a United States Department of Housing and Urban Development approved mortgagee and any subsidiary or affiliate of these persons or entities, and any agent or employee of these persons or entities while engaged in the business of these persons or entities;

(8) a person licensed as a residential mortgage originator or servicer pursuant to chapter 58, when acting under the authority of that license, except that the provisions of sections 325N.01 to 325N.06, 325N.08, and 325N.09 shall apply to any person operating under a mortgage originator license who negotiates or offers to negotiate the terms or conditions of an existing residential mortgage loan;

(9) a nonprofit agency or organization that has tax-exempt status under section 501(c)(3) of the Internal Revenue Code that offers counseling or advice to an owner of a home in foreclosure or loan default if they do not contract for services with for-profit lenders or foreclosure purchasers, except that they shall comply with the provisions of section 325N.04, clause (1);

(10) a judgment creditor of the owner, to the extent that the judgment creditor's claim accrued prior to the personal service of the foreclosure notice required by section 580.03, but excluding a person who purchased the claim after such personal service; and

(11) a foreclosure purchaser as defined in section 325N.10.

(c) "Foreclosure reconveyance" means a transaction involving:

(1) the transfer of title to real property by a foreclosed homeowner during a foreclosure proceeding, either by transfer of interest from the foreclosed homeowner or by creation of a mortgage or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain title to the property by redeeming the property as a junior lienholder; and

(2) the subsequent conveyance, or promise of a subsequent conveyance, of an interest back to the foreclosed homeowner by the acquirer or a person acting in participation with the acquirer that allows the foreclosed homeowner to possess either the residence in foreclosure or any other real property, which interest includes, but is not limited to, an interest in a contract for deed, purchase agreement, option to purchase, or lease.

(d) "Person" means any individual, partnership, corporation, limited liability company, association, or other group, however organized.

(e) "Service" means and includes, but is not limited to, any of the following:

(1) debt, budget, or financial counseling of any type;

(2) receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a residence in foreclosure;

(3) contacting creditors or servicers to negotiate or offer to negotiate the terms or conditions of an existing residential mortgage loan;

(4) arranging or attempting to arrange for an extension of the period within which the owner of a residence in foreclosure may cure the owner's default and reinstate the owner's obligation pursuant to section 580.30;

(5) arranging or attempting to arrange for any delay or postponement of the time of sale of the residence in foreclosure;

(6) advising the filing of any document or assisting in any manner in the preparation of any document for filing with any bankruptcy court; or

(7) giving any advice, explanation, or instruction to an owner of a residence in foreclosure, which in any manner relates to the cure of a default in or the reinstatement of an obligation secured by a lien on the residence in foreclosure, the full satisfaction of that obligation, or the postponement or avoidance of a sale of a residence in foreclosure, pursuant to a power of sale contained in any mortgage.

(f) "Residence in foreclosure" means residential real property consisting of one to four family dwelling units, one of which the owner occupies as the owner's principal place of residence, or real property that is principally used for farming, as defined in section 500.24, subdivision 2, whether or not parcels are contiguous, so long as the owner occupies one of the parcels as the owner's principal place of residence, where there is a delinquency or default on any loan payment or debt secured by or attached to the residential real property including, but not limited to, contract for deed payments.

(g) "Owner" means the record owner of the residential real property in foreclosure at the time the notice of pendency was recorded, or the summons and complaint served.

(h) "Contract" means any agreement, or any term in any agreement, between a foreclosure consultant and an owner for the rendition of any service as defined in paragraph (e)."

Renumber the sections in sequence

Amend the title numbers accordingly

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

**Senator Metzen from the Committee on Commerce, to which was referred**

**S.F. No. 1238:** A bill for an act relating to liquor; creating an 8:00 a.m. on-sale opening time; amending Minnesota Statutes 2014, section 340A.504, 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**  
**RECODIFICATION**

Section 1. Minnesota Statutes 2014, section 340A.101, is amended by adding a subdivision to read:

Subd. 3a. **Brew pub.** "Brew pub" is a brewer who also holds one or more retail on-sale licenses and who manufactures fewer than 3,500 barrels of malt liquor in a year, at any one licensed premises, the entire production of which is solely for consumption on tap on any licensed premises owned by the brewer, or for off-sale from those licensed premises as permitted in section 340A.24, subdivision 2.

Sec. 2. Minnesota Statutes 2014, section 340A.22, is amended to read:

**340A.22 MICRODISTILLERIES.**

Subdivision 1. **Activities.** (a) A microdistillery licensed under ~~section 340A.301, subdivision 6c,~~ this chapter may provide on its premises samples of distilled spirits manufactured on its premises, in an amount not to exceed 15 milliliters per variety per person. No more than 45 milliliters may be sampled under this paragraph by any person on any day.

(b) A microdistillery can sell cocktails to the public, pursuant to subdivision 2.

Subd. 2. **Cocktail room license.** (a) A municipality, including a city with a municipal liquor store, may issue the holder of a microdistillery license under ~~section 340A.301, subdivision 6c,~~ this chapter a microdistillery cocktail room license. A microdistillery cocktail room license authorizes on-sale of distilled liquor produced by the distiller for consumption on the premises of or adjacent to one distillery location owned by the distiller. Nothing in this subdivision precludes the holder of a microdistillery cocktail room license from also holding a license to operate a restaurant at the distillery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A distiller may only have one cocktail room license under this subdivision, and may not have an ownership interest in a distillery licensed under section 340A.301, subdivision 6, paragraph (a).

(c) The municipality shall impose a licensing fee on a distiller holding a microdistillery cocktail room license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 2, paragraph (a).

(d) A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

(e) No single entity may hold both a cocktail room and taproom license, and a cocktail room and taproom may not be co-located.

Subd. 3. **License; fee.** The commissioner shall establish a fee for licensing microdistilleries that adequately covers the cost of issuing the license and other inspection requirements. The fees shall be deposited in an account in the special revenue fund and are appropriated to the commissioner

for the purposes of this subdivision. All other requirements of section 340A.301 apply to a license under this section.

**Sec. 3. [340A.24] BREW PUBS.**

Subdivision 1. **On-sale license.** A brew pub may be issued an on-sale intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in the place of manufacture.

Subd. 2. **Off-sale license.** Notwithstanding section 340A.405, a brew pub that holds an on-sale license issued pursuant to this section may, with the approval of the commissioner, be issued a license by a municipality for off-sale of malt liquor produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brew pub is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores. Packaging of malt liquor for off-sale under this subdivision must comply with section 340A.285.

Subd. 3. **Total retail sales.** A brew pub's total retail sales at on- or off-sale under this section may not exceed 3,500 barrels per year, provided that off-sales may not total more than 500 barrels.

Subd. 4. **Interest in other license.** (a) A brew pub may hold or have an interest in other retail on-sale licenses, but may not have an ownership interest in whole or in part, or be an officer, director, agent, or employee of, any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by management, direction, or control.

(b) Notwithstanding this prohibition, a brew pub may be an affiliate or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:

(1) manufacture licensed under section 340A.301, subdivision 6, clause (d);

(2) manufacture in another state for consumption exclusively in a restaurant located in the place of manufacture; or

(3) manufacture in another state for consumption primarily in a restaurant located in or immediately adjacent to the place of manufacture if the brewer was licensed under section 340A.301, subdivision 6, clause (d), on January 1, 1995.

Subd. 5. **Prohibition.** A brew pub licensed under this chapter may not be licensed as an importer under section 340A.302.

**Sec. 4. [340A.26] BREWER TAPROOMS.**

Subdivision 1. **Brewer taproom license.** (a) A municipality, including a city with a municipal liquor store, may issue the holder of a brewer's license under section 340A.301, subdivision 6, clause (c), (i), or (j), a brewer taproom license. A brewer taproom license authorizes on-sale of malt liquor produced by the brewer for consumption on the premises of or adjacent to one brewery location owned by the brewer. Nothing in this subdivision precludes the holder of a brewer taproom license from also holding a license to operate a restaurant at the brewery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A brewer may only have one taproom license under this subdivision, and may not have an ownership interest in a brew pub.

Subd. 2. **Prohibition.** A municipality may not issue a brewer taproom license to a brewer if the brewer seeking the license, or any person having an economic interest in the brewer seeking the license or exercising control over the brewer seeking the license, is a brewer that brews more than 250,000 barrels of malt liquor annually or a winery that produces more than 250,000 gallons of wine annually.

Subd. 3. **Fee.** The municipality shall impose a licensing fee on a brewer holding a brewer taproom license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 2, paragraph (a).

Subd. 4. **Municipality to inform commissioner.** A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

Subd. 5. **Sunday on-sale.** Notwithstanding section 340A.504, subdivision 3, a taproom may be open and may conduct on-sale business on Sundays if authorized by the municipality.

Sec. 5. **[340A.28] SMALL BREWER OFF-SALE.**

Subdivision 1. **License; limitations.** A brewer licensed under section 340A.301, subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale of malt liquor at its licensed premises that has been produced and packaged by the brewer. The license must be approved by the commissioner. A brewer may only have one license under this subdivision. The amount of malt liquor sold at off-sale may not exceed 500 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores. Packaging of malt liquor for off-sale under this subdivision must comply with section 340A.285.

Subd. 2. **Prohibition.** A municipality may not issue a license under this section to a brewer if the brewer seeking the license, or any person having an economic interest in the brewer seeking the license or exercising control over the brewer seeking the license, is a brewer that brews more than 20,000 barrels of its own brands of malt liquor annually or a winery that produces more than 250,000 gallons of wine annually.

Subd. 3. **Fee.** The municipality shall impose a licensing fee on a brewer holding a license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 3, paragraph (a).

Sec. 6. **[340A.285] GROWLERS.**

(a) Malt liquor authorized for off-sale pursuant to section 340A.24 or 340A.28 shall be packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At the time of sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the container or bottle and extended over the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken upon opening the container or bottle. The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The containers or bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brew pub or brewer selling the malt liquor, and shall be



considered intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100.

(b) A brew pub or brewer may, but is not required to, refill any container or bottle with malt liquor for off-sale at the request of the customer. A brew pub or brewer refilling a container or bottle must do so at its licensed premises and the container or bottle must be filled at the tap at the time of sale. A container or bottle refilled under this paragraph must be sealed and labeled in the manner described in paragraph (a).

Sec. 7. Minnesota Statutes 2014, section 340A.301, is amended to read:

**340A.301 MANUFACTURERS, BREWERS, AND WHOLESALERS LICENSES.**

Subdivision 1. **Licenses required.** No person may directly or indirectly manufacture or sell at wholesale intoxicating liquor, or 3.2 percent malt liquor without obtaining an appropriate license from the commissioner, except where otherwise provided in this chapter. A manufacturer's license includes the right to import. A licensed brewer may sell the brewer's products at wholesale only if the brewer has been issued a wholesaler's license. The commissioner shall issue a wholesaler's license to a brewer only if (1) the commissioner determines that the brewer was selling the brewer's own products at wholesale in Minnesota on January 1, 1991, or (2) the brewer has acquired a wholesaler's business or assets under subdivision 7a, paragraph (c) or (d). A licensed wholesaler of intoxicating malt liquor may sell 3.2 percent malt liquor at wholesale without an additional license.

Subd. 2. **Persons eligible.** (a) Licenses under this section may be issued only to a person who:

(1) is of good moral character and repute;

(2) is 21 years of age or older;

(3) has not had a license issued under this chapter revoked within five years of the date of license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; and

(4) has not been convicted within five years of the date of license application of a felony, or of a willful violation of a federal or state law, or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages. The Alcohol and Gambling Enforcement Division may require that fingerprints be taken and may forward the fingerprints to the Federal Bureau of Investigation for purposes of a criminal history check.

(b) In order to determine if an individual has a felony or willful violation of federal or state law governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage, the applicant for a license to manufacture or sell at wholesale must provide the commissioner with their signed, written informed consent to conduct a background check. The commissioner may query the Minnesota criminal history repository for records on the applicant. If the commissioner conducts a national criminal history record check, the commissioner must obtain fingerprints from the applicant and forward them and the required fee to the superintendent of the Bureau of Criminal Apprehension. The superintendent may exchange the fingerprints with the

Federal Bureau of Investigation for purposes of obtaining the applicant's national criminal history record information. The superintendent shall return the results of the national criminal history records check to the commissioner for the purpose of determining if the applicant is qualified to receive a license.

Subd. 3. **Application.** An application for a license under this section must be made to the commissioner on a form the commissioner prescribes and must be accompanied by the fee specified in subdivision 6. If an application is denied, \$100 of the amount of any fee exceeding that amount shall be retained by the commissioner to cover costs of investigation.

Subd. 4. **Bond.** The commissioner may not issue a license under this section to a person who has not filed a bond with corporate surety, or cash, or United States government bonds payable to the state. The proof of financial responsibility must be approved by the commissioner before the license is issued. The bond must be conditioned on the licensee obeying all laws governing the business and paying when due all taxes, fees, penalties and other charges, and must provide that it is forfeited to the state on a violation of law. This subdivision does not apply to a Minnesota farm winery, licensed under section 340A.315, that is in existence as of January 1, 2010. Bonds must be in the following amounts:

Manufacturers and wholesalers of intoxicating liquor except as provided in this subdivision	\$	10,000
Manufacturers and wholesalers of wine up to 25 percent alcohol by weight	\$	5,000
Manufacturers and wholesalers of beer of more than 3.2 percent alcohol by weight	\$	1,000
Manufacturers and wholesalers of fewer than 20,000 proof gallons	\$	2,000
Manufacturers and wholesalers of 20,000 to 40,000 proof gallons	\$	3,000

Subd. 5. **Period of license.** Licenses issued under this section are valid for one year except that to coordinate expiration dates initial licenses may be issued for a shorter period.

Subd. 6. **Fees.** The annual fees for licenses under this section are as follows:

(a) Manufacturers (except as provided in clauses (b) and (c))	\$	30,000
Duplicates	\$	3,000
(b) Manufacturers of wines of not more than 25 percent alcohol by volume	\$	500
(c) Brewers who manufacture more than 3,500 barrels of malt liquor in a year	\$	4,000

(d) <del>Brewers who also hold one or more retail on-sale licenses and who manufacture fewer than 3,500 barrels of malt liquor in a year, at any one licensed premises, the entire production of which is solely for consumption on tap on any licensed premises owned by the brewer, or for off-sale from those licensed premises as permitted in subdivision 7 Brew pubs. A brewer brew pub licensed under this clause must obtain a separate license for each licensed premises where the brewer brews brew pub produces malt liquor. A brewer licensed under this clause may not be licensed as an importer under this chapter</del>	\$ 500
(e) Wholesalers (except as provided in clauses (f), (g), and (h))	\$ 15,000
Duplicates	\$ 3,000
(f) Wholesalers of wines of not more than 25 percent alcohol by volume	\$ 3,750
(g) Wholesalers of intoxicating malt liquor	\$ 1,000
Duplicates	\$ 25
(h) Wholesalers of 3.2 percent malt liquor	\$ 10
(i) Brewers who manufacture fewer than 2,000 barrels of malt liquor in a year	\$ 150
(j) Brewers who manufacture 2,000 to 3,500 barrels of malt liquor in a year	\$ 500

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

**Subd. 6a. Permits and identification cards; fees.** Any person engaged in the purchase, sale, or use for any purpose other than personal consumption of intoxicating alcoholic beverages or ethyl alcohol shall obtain the appropriate regulatory permit and identification card from the commissioner as provided in this subdivision. The fee for each permit, other than one issued to a state or federal agency, is \$35 and must be submitted together with the appropriate application form provided by the commissioner. Identification cards and permits must be issued for a period coinciding with that of the appropriate state or municipal license and are not transferable. In instances where there is no annual license period, cards and permits expire one year after the date of issuance. The authority to engage in the purchase, sale, or use granted by the card or permit may be revoked by the commissioner upon evidence of a violation by the holder of such a card or permit of any of the provisions of chapter 340A or any rule of the commissioner made pursuant to law.

**Subd. 6b. Brewer taproom license.** ~~(a) A municipality, including a city with a municipal liquor store, may issue the holder of a brewer's license under subdivision 6, clause (c), (i), or (j), a brewer taproom license. A brewer taproom license authorizes on-sale of malt liquor produced by the brewer for consumption on the premises of or adjacent to one brewery location owned by the brewer.~~

Nothing in this subdivision precludes the holder of a brewer taproom license from also holding a license to operate a restaurant at the brewery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A brewer may only have one taproom license under this subdivision, and may not have an ownership interest in a brewery licensed under subdivision 6, clause (d).

(c) A municipality may not issue a brewer taproom license to a brewer if the brewer seeking the license, or any person having an economic interest in the brewer seeking the license or exercising control over the brewer seeking the license, is a brewer that brews more than 250,000 barrels of malt liquor annually or a winery that produces more than 250,000 gallons of wine annually.

(d) The municipality shall impose a licensing fee on a brewer holding a brewer taproom license under this subdivision, subject to limitations applicable to license fees under section 340A.408; subdivision 2, paragraph (a).

(e) A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

(f) Notwithstanding section 340A.504, subdivision 3, a taproom may be open and may conduct on-sale business on Sundays if authorized by the municipality.

Subd. 6c. **Microdistilleries.** The commissioner shall establish a fee for licensing microdistilleries that adequately covers the cost of issuing the license and other inspection requirements. The fees shall be deposited in an account in the special revenue fund and are appropriated to the commissioner for the purposes of this subdivision.

Subd. 6d. **Small brewer license.** (a) A brewer licensed under subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale of malt liquor at its licensed premises that has been produced and packaged by the brewer. The license must be approved by the commissioner. The amount of malt liquor sold at off-sale may not exceed 500 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall be packed in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the container or bottle and extended over the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken upon opening of the container or bottle. The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The containers or bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brewer selling the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100.

(b) A brewer may, but is not required to, refill any growler with malt liquor for off-sale at the request of a customer. A brewer refilling a growler must do so at its licensed premises and the

growler must be filled at the tap at the time of sale. A growler refilled under this paragraph must be sealed and labeled in the manner described in paragraph (a).

~~(c) A brewer may only have one license under this subdivision.~~

~~(d) A municipality may not issue a license under this subdivision to a brewer if the brewer seeking the license, or any person having an economic interest in the brewer seeking the license or exercising control over the brewer seeking the license, is a brewer that brews more than 20,000 barrels of its own brands of malt liquor annually or a winery that produces more than 250,000 gallons of wine annually.~~

~~(e) The municipality shall impose a licensing fee on a brewer holding a license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 3, paragraph (a).~~

Subd. 7. **Interest in other business.** (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

~~(b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in the place of manufacture. Notwithstanding section 340A.405, a brewer who holds an on-sale license issued pursuant to this paragraph may, with the approval of the commissioner, be issued a license by a municipality for off-sale of malt liquor produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall be packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the container or bottle and extend over the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken upon opening of the container or bottle. The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The containers or bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brewer selling the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100. A brewer may, but is not required to, refill any growler with malt liquor for off-sale at the request of a customer. A brewer refilling a growler must do so at its licensed premises and the growler must be filled at the tap at the time of sale. A growler refilled under this paragraph must be sealed and labeled in the manner described in this paragraph. A brewer's total retail sales at on- or off-sale under this paragraph may not exceed 3,500 barrels per year, provided that off-sales may not total more than 500 barrels. A brewer licensed under subdivision 6, clause (d), may hold or have an interest in other retail on-sale licenses, but may not have an ownership interest in whole or in part, or be an~~

~~officer, director, agent, or employee of, any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by management, direction, or control. Notwithstanding this prohibition, a brewer licensed under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:~~

~~(i) manufacture licensed under subdivision 6, clause (d);~~

~~(ii) manufacture in another state for consumption exclusively in a restaurant located in the place of manufacture; or~~

~~(iii) manufacture in another state for consumption primarily in a restaurant located in or immediately adjacent to the place of manufacture if the brewer was licensed under subdivision 6, clause (d), on January 1, 1995.~~

~~(c) (b) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a or importer may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.~~

Subd. 7a. **Permitted interests in wholesale business.** (a) A brewer may financially assist a wholesaler of malt liquor through participation in a limited partnership in which the brewer is the limited partner and the wholesaler is the general partner. A limited partnership authorized in this paragraph may not exist for more than ten years from the date of its creation, and may not, directly or indirectly, be recreated, renewed, or extended beyond that date.

(b) A brewer may financially assist a malt liquor wholesaler and collateralize the financing by taking a security interest in the inventory and assets, other than the corporate stock, of the wholesaler. A financial agreement authorized by this paragraph may not be in effect for more than ten years from the date of its creation and may not be directly or indirectly extended or renewed.

(c) A brewer who, after creation of a financial agreement authorized by paragraph (b), or after creation of a limited partnership authorized in paragraph (a), acquires legal or equitable title to the wholesaler's business which was the subject of the agreement or limited partnership, or to the business assets, must divest the business or its assets within two years of the date of acquiring them. A malt liquor wholesaler whose business or assets are acquired by a brewer as described in this paragraph may not enter into another such financial agreement, or participate in another such limited partnership, for 20 years from the date of the acquisition of the business or assets.

(d) A brewer may have an interest in the business, assets, or corporate stock of a malt liquor wholesaler as a result of (1) a judgment against the wholesaler arising out of a default by the wholesaler or (2) acquisition of title to the business, assets, or corporate stock as a result of a written request of the wholesaler. A brewer may maintain ownership of or an interest in the business, assets, or corporate stock under this paragraph for not more than two years and only for the purpose of facilitating an orderly transfer of the business to an owner not affiliated with the brewer.

(e) A brewer may continue to maintain an ownership interest in a malt liquor wholesaler if it owned the interest on January 1, 1991.

(f) A brewer that was legally selling the brewer's own products at wholesale in Minnesota on January 1, 1991, may continue to sell those products at wholesale in the area where it was selling those products on that date.

(g) A brewer that manufactures no more than 20,000 barrels of malt liquor or its metric equivalent in a calendar year may own or have an interest in a malt liquor wholesaler that sells only the brewer's products, provided that a brewer that manufactures between 20,000 and 25,000 barrels in any calendar year shall be permitted to continue to own or have an interest in a malt liquor wholesaler that sells only the brewer's products if: (1) that malt liquor wholesaler distributes no more than 20,000 barrels per calendar year; and (2) the brewer has not manufactured 25,000 barrels in any calendar year. Notwithstanding the foregoing, a brewer that manufactured between 20,000 and 25,000 barrels in 2012 shall be permitted to continue to own or have an interest in a malt liquor wholesaler that sells only the brewer's products until that brewer manufactures 25,000 barrels in a calendar year.

(h) When the commissioner issues a license to a malt liquor wholesaler described in paragraph (a) or (b), the commissioner may issue the license only to the entity which is actually operating the wholesale business and may not issue the license to a brewer that is a limited partner under paragraph (a) or providing financial assistance under paragraph (b) unless the brewer has acquired a wholesaler's business or assets under paragraph (c) or (d).

(i) For purposes of this subdivision and subdivision 7, ~~clause (c)~~ paragraph (b), "brewer" means:

- (1) a holder of a license to manufacture malt liquor;
- (2) an officer, director, agent, or employee of such a license holder; and
- (3) an affiliate of such a license holder, regardless of whether the affiliation is corporate or by management, direction, or control.

**Subd. 8. Sales without license.** A licensed brewer or brew pub may without an additional license sell malt liquor to employees or retired former employees, in amounts of not more than 768 fluid ounces in a week for off-premise consumption only. A collector of commemorative bottles, those terms are as defined in section 297G.01, subdivisions 4 and 5, may sell them to another collector without a license. It is also lawful for a collector of beer cans to sell unopened cans of a brand which has not been sold commercially for at least two years to another collector without obtaining a license. The amount sold to any one collector in any one month shall not exceed 768 fluid ounces. A licensed manufacturer of wine containing not more than 25 percent alcohol by volume nor less than 51 percent wine made from Minnesota-grown agricultural products may sell at on-sale or off-sale wine made on the licensed premises without a further license.

**Subd. 9. Unlicensed manufacture.** (a) Nothing in this chapter requires a license for the natural fermentation of fruit juices or brewing of beer in the home for family use.

(b) Naturally fermented fruit juices or beer made under this subdivision may be removed from the premises where made for use at organized affairs, exhibitions, or competitions, including, but not limited to, homemaker's contests, tastings, or judging.

(c) For purposes of this subdivision, "tastings" means an event where the general public may sample unlicensed naturally fermented fruit juices or beer.

(d) Beverages produced pursuant to this subdivision may be sampled or used in tastings provided that the beverage is made and transported in containers and equipment that shall not allow the migration of toxic substances.

(e) Public notice meeting the requirements of this paragraph must be given in writing or signage at any tasting. The notice shall include disclosure that the unlicensed naturally fermented fruit juices or beer being offered is homemade and not subject to state inspection, and may be consumed by persons over the age of 21 at their own risk. The notice must include the name and address of the person who processed and bottled the beverage.

(f) Naturally fermented fruit juices or beer removed under this subdivision may not be sold or offered for sale.

**Sec. 8. REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B.

<u>Column A</u>	<u>Column B</u>
<u>340A.301, subdivision 6a</u>	<u>340A.301, subdivision 7</u>
<u>340A.301, subdivision 7</u>	<u>340A.301, subdivision 8</u>
<u>340A.301, subdivision 7a</u>	<u>340A.301, subdivision 9</u>
<u>340A.301, subdivision 8</u>	<u>340A.301, subdivision 10</u>
<u>340A.301, subdivision 9</u>	<u>340A.301, subdivision 11</u>

(b) The revisor of statutes shall make all necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the amendments and renumbering in this act.

(c) The revisor of statutes shall merge any amendments made in article 2 into the recodification made in this article.

**Sec. 9. EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 2**

**MISCELLANEOUS ALCOHOL PROVISIONS**

Section 1. Minnesota Statutes 2014, section 340A.22, is amended by adding a subdivision to read:

Subd. 3. **Off-sale license.** A microdistillery may be issued a license by the local licensing authority for off-sale of distilled spirits. The license may allow the sale of one 375 milliliter bottle per customer per day of product manufactured on-site, subject to the following requirements:

(1) off-sale hours of sale must conform to hours of sale for retail off-sale licensees in the licensing municipality; and

(2) no brand may be sold at the microdistillery unless it is also available for distribution by wholesalers.

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

Sec. 2. Minnesota Statutes 2014, section 340A.301, subdivision 6d, is amended to read:



Subd. 6d. **Small brewer license.** (a) A brewer licensed under subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale of malt liquor at its licensed premises that has been produced and packaged by the brewer. The license must be approved by the commissioner. The amount of malt liquor sold at off-sale may not exceed 500 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores, except that malt liquor in growlers only may be sold at off-sale on Sundays. Sunday sales must be approved by the licensing jurisdiction and hours may be established by those jurisdictions. The malt liquor shall be packed in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the container or bottle and extended over the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken upon opening of the container or bottle. The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The containers or bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brewer selling the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100.

(b) A brewer may, but is not required to, refill any growler with malt liquor for off-sale at the request of a customer. A brewer refilling a growler must do so at its licensed premises and the growler must be filled at the tap at the time of sale. A growler refilled under this paragraph must be sealed and labeled in the manner described in paragraph (a).

(c) A brewer may only have one license under this subdivision.

(d) A municipality may not issue a license under this subdivision to a brewer if the brewer seeking the license, or any person having an economic interest in the brewer seeking the license or exercising control over the brewer seeking the license, is a brewer that brews more than 20,000 barrels of its own brands of malt liquor annually or a winery that produces more than 250,000 gallons of wine annually.

(e) The municipality shall impose a licensing fee on a brewer holding a license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 3, paragraph (a).

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

Sec. 3. Minnesota Statutes 2014, section 340A.301, subdivision 7, is amended to read:

Subd. 7. **Interest in other business.** (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

(b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in the place of manufacture. Notwithstanding section 340A.405, a brewer who holds an on-sale license issued pursuant to this paragraph may, with the approval of the commissioner, be issued a license by a municipality for off-sale of malt liquor produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores, except that malt liquor in growlers only may be sold at off-sale on Sundays. Sunday sales must be approved by the licensing jurisdiction and hours may be established by those jurisdictions. The malt liquor shall be packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the container or bottle and extend over the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken upon opening of the container or bottle. The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The containers or bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brewer selling the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100. A brewer may, but is not required to, refill any growler with malt liquor for off-sale at the request of a customer. A brewer refilling a growler must do so at its licensed premises and the growler must be filled at the tap at the time of sale. A growler refilled under this paragraph must be sealed and labeled in the manner described in this paragraph. A brewer's total retail sales at on- or off-sale under this paragraph may not exceed 3,500 barrels per year, provided that off-sales may not total more than 500 barrels. A brewer licensed under subdivision 6, clause (d), may hold or have an interest in other retail on-sale licenses, but may not have an ownership interest in whole or in part, or be an officer, director, agent, or employee of, any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by management, direction, or control. Notwithstanding this prohibition, a brewer licensed under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:

- (i) manufacture licensed under subdivision 6, clause (d);
- (ii) manufacture in another state for consumption exclusively in a restaurant located in the place of manufacture; or
- (iii) manufacture in another state for consumption primarily in a restaurant located in or immediately adjacent to the place of manufacture if the brewer was licensed under subdivision 6, clause (d), on January 1, 1995.

(c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a or importer may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.

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

Sec. 4. Minnesota Statutes 2014, section 340A.404, subdivision 2, is amended to read:

Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the Orpheum Theatre,

the State Theatre, and the Historic Pantages Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theaters and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

(e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

(f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring Playhouse located at 1633 Hennepin Avenue South, the Jungle Theater located at 2951 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South, the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter provision. The license authorizes sales on all days of the week.

(g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering operator at the building owned and operated by the University Gateway Corporation on the University of Minnesota campus, notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

(h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Walker Art Center's concessionaire or operator, for a restaurant and catering operator on the premises of the Walker Art Center, notwithstanding limitations of law, or local ordinance or charter provisions. The license authorizes sales on all days of the week.

(i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater's concessionaire or operator for a restaurant and catering operator on the premises of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or charter provisions. The license authorizes sales on all days of the week.

(j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or operator for a restaurant and catering operator on the premises of the Minnesota Book and Literary Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

(k) The city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant located at 5411 Penn Avenue South, notwithstanding any law or local ordinance or charter provision.

(l) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Museum of Russian Art's concessionaire or operator for a restaurant and catering operator on the premises of the Museum of Russian Art located at 5500 Stevens Avenue South, notwithstanding any law or local ordinance or charter provision.

(m) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Swedish Institute or to its concessionaire or operator for use on the premises owned by the American Swedish Institute at 2600 Park Avenue South, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(n) Notwithstanding any other law, local ordinance, or charter provision, the city of Minneapolis may issue one or more on-sale intoxicating liquor licenses to the Minneapolis Society of Fine Arts (dba Minneapolis Institute of Arts), or to an entity holding a concessions or catering contract with the Minneapolis Institute of Arts for use on the premises of the Minneapolis Institute of Arts. The licenses authorized by this subdivision may be issued for space that is not compact and contiguous, provided that all such space is included in the description of the licensed premises on the approved license application. The licenses authorize sales on all days of the week.

(o) The city of Minneapolis may issue an on-sale intoxicating liquor license to Norway House or to its concessionaire or operator for use on the premises owned by Norway House at 913 East Franklin Avenue, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

**EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 5. Minnesota Statutes 2014, section 340A.404, subdivision 10, is amended to read:

Subd. 10. **Temporary on-sale licenses.** (a) The governing body of a municipality may issue to (1) a club or charitable, religious, or other nonprofit organization in existence for at least three years, (2) a political committee registered under section 10A.14, or (3) a state university, a temporary license for the on-sale of intoxicating liquor in connection with a social event within the municipality sponsored by the licensee. The license may authorize the on-sale of intoxicating liquor for not more than four consecutive days, and may authorize on-sales on premises other than premises the licensee owns or permanently occupies. The license may provide that the licensee may contract for intoxicating liquor catering services with the holder of a full-year on-sale intoxicating liquor license issued by any municipality. The licenses are subject to the terms, including a license fee, imposed by the issuing municipality. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except sections 340A.409 and 340A.504, subdivision 3, paragraph (d), and those laws and ordinances which by their nature are not applicable. Licenses under this subdivision are not valid unless first approved by the commissioner of public safety.

(b) A county under this section may issue a temporary license only to a premises located in the unincorporated or unorganized territory of the county.

(c) The governing body of a municipality may issue to a brewer who manufactures fewer than 3,500 barrels of malt liquor in a year or a microdistillery a temporary license for the on-sale of intoxicating liquor in connection with a social event within the municipality sponsored by the brewer or microdistillery. The terms and conditions specified for temporary licenses under paragraph (a) shall apply to a license issued under this paragraph, except that the requirements of section 340A.409, subdivisions 1 to 3a, shall apply to the license.

Sec. 6. Minnesota Statutes 2014, section 340A.503, subdivision 6, is amended to read:

Subd. 6. **Proof of age; defense; seizure of false identification.** (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license or identification card issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;

(2) a valid military identification card issued by the United States Department of Defense;

(3) a valid passport issued by the United States;

(4) a valid instructional permit issued under section 171.05 to a person of legal age to purchase alcohol which includes a photograph and the date of birth of the person issued the permit; or

~~(4)~~ (5) in the case of a foreign national, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

(c) A licensed retailer or municipal liquor store may seize a form of identification listed under paragraph (a) if the retailer or municipal liquor store has reasonable grounds to believe that the form of identification has been altered or falsified or is being used to violate any law. A retailer or municipal liquor store that seizes a form of identification as authorized under this paragraph must deliver it to a law enforcement agency, within 24 hours of seizing it.

**EFFECTIVE DATE.** This section is effective July 1, 2015.

Sec. 7. Minnesota Statutes 2014, section 340A.504, subdivision 3, is amended to read:

Subd. 3. **Intoxicating liquor; Sunday sales; on-sale.** (a) A restaurant, club, bowling center, or hotel with a seating capacity for at least 30 persons and which holds an on-sale intoxicating liquor license may sell intoxicating liquor for consumption on the premises in conjunction with the sale of food between the hours of ~~10:00~~ 8:00 a.m. on Sundays and 2:00 a.m. on Mondays.

(b) An establishment serving intoxicating liquor on Sundays must obtain a Sunday license. The license must be issued by the governing body of the municipality for a period of one year, and the fee for the license may not exceed \$200.

(c) A city may issue a Sunday intoxicating liquor license only if authorized to do so by the voters of the city voting on the question at a general or special election. A county may issue a Sunday intoxicating liquor license in a town only if authorized to do so by the voters of the town as

provided in paragraph (d). A county may issue a Sunday intoxicating liquor license in unorganized territory only if authorized to do so by the voters of the election precinct that contains the licensed premises, voting on the question at a general or special election.

(d) An election conducted in a town on the question of the issuance by the county of Sunday sales licenses to establishments located in the town must be held on the day of the annual election of town officers.

(e) Voter approval is not required for licenses issued by the Metropolitan Airports Commission or common carrier licenses issued by the commissioner. Common carriers serving intoxicating liquor on Sunday must obtain a Sunday license from the commissioner at an annual fee of \$75, plus \$30 for each duplicate.

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

**Sec. 8. SPECIAL LICENSE; BECKER.**

Notwithstanding any law or ordinance to the contrary, the city of Becker may issue an on-sale intoxicating liquor license for a golf course that is located at 14000 Clubhouse Lane and is owned by the city. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license issued under this section. The city of Becker is deemed the licensee under this section, and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the license as if the establishment were a municipal liquor store.

**EFFECTIVE DATE.** This section is effective upon approval by the Becker City Council and compliance with Minnesota Statutes, section 645.021.

**Sec. 9. SPECIAL LICENSE; DULUTH.**

Notwithstanding any law or ordinance to the contrary, the city of Duluth may issue an on-sale intoxicating liquor license for the Lester Park Golf Course that is located at 1860 Lester River Road and is owned by the city. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license issued under this section. The city of Duluth is deemed the licensee under this section, and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the license as if the establishment were a municipal liquor store.

**EFFECTIVE DATE.** This section is effective upon approval by the Duluth City Council and compliance with Minnesota Statutes, section 645.021.

**Sec. 10. SPECIAL LICENSE; INVER GROVE HEIGHTS.**

Notwithstanding any law or ordinance to the contrary, the city of Inver Grove Heights may issue an on-sale intoxicating liquor license for the Inver Wood Golf Course that is located at 1850 70th Street and is owned by the city. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license issued under this section. The city of Inver Grove Heights is deemed the licensee under this section, and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the license as if the establishment were a municipal liquor store.

**EFFECTIVE DATE.** This section is effective upon approval by the Inver Grove Heights City Council and compliance with Minnesota Statutes, section 645.021.

**Sec. 11. STATE FAIR; BREW PUB SALES.**

Notwithstanding Minnesota Statutes, section 340A.301, subdivision 6, paragraph (d), brew pubs may sell malt liquor to a single retail licensee of the State Agricultural Society for sales at a single location operated by the Minnesota Craft Brewers Guild during the annual fair, under Minnesota Statutes, section 37.21, subdivision 2, paragraph (b). Sales of malt liquor under this section may be made directly by the brew pub to the retail licensee or to a licensed wholesaler for distribution exclusively to the retail licensee."

Delete the title and insert:

"A bill for an act relating to liquor; recodifying statutes related to certain licensees; regulating the sale and distribution of alcoholic beverages; authorizing various liquor licenses; amending Minnesota Statutes 2014, sections 340A.101, by adding a subdivision; 340A.22; 340A.301; 340A.404, subdivisions 2, 10; 340A.503, subdivision 6; 340A.504, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 340A."

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

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 1487:** A bill for an act relating to transportation; appropriating funds for a suburban connections demonstration project.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 858:** A bill for an act relating to transportation; modifying eligibility for safe routes to schools grants; amending Minnesota Statutes 2014, section 174.40, by adding a subdivision.

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

Page 1, line 7, after "town" insert "in which infrastructure expansion or development is in process"

Page 1, line 8, after "receive" insert "infrastructure" and after "funding" insert "on or after June 1, 2016,"

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

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 939:** A bill for an act relating to transportation; motor vehicles; eliminating sunset of mini truck operation authority and regulations; amending Laws 2009, chapter 158, section 10, as amended.

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

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 1285:** A bill for an act relating to transportation; governing unconventional vehicles; providing for vehicle registration, titling, and operation on streets and highways; amending Minnesota Statutes 2014, sections 168.002, subdivision 24; 168A.05, by adding a subdivision; 169.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 1052:** A bill for an act relating to transportation; amending regulations governing commercial motor vehicle inspection reports; amending Minnesota Statutes 2014, section 169.782, subdivisions 1, 2, 4.

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

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 1350:** A bill for an act relating to transportation; designating a segment of signed Trunk Highway 149 in Mendota Heights as Officer Scott Patrick Memorial Highway; amending Minnesota Statutes 2014, section 161.14, by adding a subdivision.

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

Page 1, line 10, delete "northeastern border in Mendota Heights" and insert "intersection with Smith Avenue in West St. Paul"

Page 1, line 14, delete everything after "169.06" and insert a period

Page 1, delete lines 15 and 16

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

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 1854:** A bill for an act relating to transportation; designating the segment of marked Trunk Highway 36 in Maplewood as Sergeant Joseph Bergeron Memorial Highway; amending Minnesota Statutes 2014, section 161.14, by adding a subdivision.

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

**Senator Dibble from the Committee on Transportation and Public Safety, to which was referred**

**S.F. No. 389:** A bill for an act relating to taxation; sales and use; exempting infant and child car seats; amending Minnesota Statutes 2014, section 297A.67, by adding a subdivision.



Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes. Report adopted.

**Senator Skoe from the Committee on Taxes, to which was referred**

**S.F. No. 1722:** A bill for an act relating to property taxation; phasing out the state general levy over six years; repealing the student achievement levy; amending Minnesota Statutes 2014, sections 126C.13, subdivision 4; 275.025, subdivision 1; repealing Minnesota Statutes 2014, section 126C.13, subdivisions 3a, 3b, 3c.

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

Page 2, delete section 2

Page 3, line 2, delete "3" and insert "2"

Amend the title accordingly

And when so amended the bill be re-referred to the Committee on Finance without recommendation. Amendments adopted. Report adopted.

**Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred**

**S.F. No. 1012:** A bill for an act relating to human services; modifying residency ratio restrictions for home and community-based settings; amending Minnesota Statutes 2014, section 256B.492.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2014, section 256B.492, is amended to read:

**256B.492 HOME AND COMMUNITY-BASED SETTINGS FOR PEOPLE WITH DISABILITIES.**

(a) Individuals receiving services under a home and community-based waiver under section 256B.092 or 256B.49 may receive services in the following settings:

(1) an individual's own home or family home and community-based settings that comply with all requirements identified by the federal Centers for Medicare and Medicaid Services in the Code of Federal Regulations, title 42, section 441.301(c), and with the requirements of the federally approved transition plan and waiver plans for each home and community-based services waiver; and

(2) a licensed adult foster care or child foster care setting of up to five people or community residential setting of up to five people; and settings required by the Housing Opportunities for Persons with AIDS Program.

(3) community living settings as defined in section 256B.49, subdivision 23, where individuals with disabilities may reside in all of the units in a building of four or fewer units, and who receive services under a home and community-based waiver occupy no more than the greater of four or 25 percent of the units in a multifamily building of more than four units, unless required by the Housing Opportunities for Persons with AIDS Program.

(b) The settings in paragraph (a) must not:

~~(1) be located in a building that is a publicly or privately operated facility that provides institutional treatment or custodial care;~~

~~(2) be located in a building on the grounds of or adjacent to a public or private institution;~~

~~(3) be a housing complex designed expressly around an individual's diagnosis or disability, unless required by the Housing Opportunities for Persons with AIDS Program;~~

~~(4) be segregated based on a disability, either physically or because of setting characteristics, from the larger community; and~~

~~(5) have the qualities of an institution which include, but are not limited to: regimented meal and sleep times, limitations on visitors, and lack of privacy. Restrictions agreed to and documented in the person's individual service plan shall not result in a residence having the qualities of an institution as long as the restrictions for the person are not imposed upon others in the same residence and are the least restrictive alternative, imposed for the shortest possible time to meet the person's needs.~~

~~(c) The provisions of paragraphs (a) and (b) do not apply to any setting in which individuals receive services under a home and community-based waiver as of July 1, 2012, and the setting does not meet the criteria of this section.~~

~~(d) Notwithstanding paragraph (c), a program in Hennepin County established as part of a Hennepin County demonstration project is qualified for the exception allowed under paragraph (c).~~

~~(e) Notwithstanding paragraphs (a) and (b), a program in Hennepin County, located in the city of Golden Valley, within the city of Golden Valley's Highway 55 West redevelopment area, that is not a provider-owned or controlled home and community-based setting, and is scheduled to open by July 1, 2016, is exempt from the restrictions in paragraphs (a) and (b). If the program fails to comply with the Centers for Medicare and Medicaid Services rules for home and community-based settings, the exemption is void.~~

~~(f) The commissioner shall submit an amendment to the waiver plan no later than December 31, 2012.~~

**EFFECTIVE DATE.** This section is effective July 1, 2016."

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

**Senator Sheran from the Committee on Health, Human Services and Housing, to which was re-referred**

**S.F. No. 336:** A bill for an act relating to state government; providing continued insurance contributions for certain state employees assaulted by inmates or patients; amending Minnesota Statutes 2014, section 43A.241.

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

Page 1, line 24, after "permanently" insert "physically"

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

**Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred**

**S.F. No. 1493:** A bill for an act relating to human services; repealing the TEFRA monetary parental contribution; amending Minnesota Statutes 2014, sections 13.46, subdivision 2; 246.511; 252.27, subdivisions 1, 2a, 3; 270B.14, subdivision 1; repealing Minnesota Statutes 2014, section 252.27, subdivisions 2, 2b, 4a, 5, 6.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred**

**S.F. No. 998:** A bill for an act relating to human services; setting minimum reimbursement rates under medical assistance for public health nurse home visits; appropriating money for nurse-family partnership programs; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Page 1, line 11, delete "that are evidence-based, intensive, long-term, and" and insert "administered by home visiting programs that meet the United States Department of Health and Human Services criteria for evidence-based models and are identified by the commissioner of health as eligible to be implemented under the Maternal, Infant, and Early Childhood Home Visiting program. Home visits shall be"

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

**Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred**

**S.F. No. 1056:** A bill for an act relating to health; establishing a grant program to increase organ donation among underserved communities; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred**

**S.F. No. 567:** A bill for an act relating to health; expanding the use of automated drug distribution systems; modifying the amount of over-the-counter medications covered by medical assistance if dispensed by an automated drug distribution system; amending Minnesota Statutes 2014, sections 151.58, subdivisions 2, 5; 256B.0625, subdivision 13.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2014, section 151.58, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section only, the terms defined in this subdivision have the meanings given.

(a) "Automated drug distribution system" or "system" means a mechanical system approved by the board that performs operations or activities, other than compounding or administration, related to the storage, packaging, or dispensing of drugs, and collects, controls, and maintains all required transaction information and records.

(b) "Health care facility" means a nursing home licensed under section 144A.02; a housing with services establishment registered under section 144D.01, subdivision 4, in which a home provider licensed under chapter 144A is providing centralized storage of medications; a boarding care home licensed under sections 144.50 to 144.58 that is providing centralized storage of medications; or a Minnesota sex offender program facility operated by the Department of Human Services.

(c) "Managing pharmacy" means a pharmacy licensed by the board that controls and is responsible for the operation of an automated drug distribution system.

Sec. 2. Minnesota Statutes 2014, section 151.58, subdivision 5, is amended to read:

**Subd. 5. Operation of automated drug distribution systems.** (a) The managing pharmacy and the pharmacist in charge are responsible for the operation of an automated drug distribution system.

(b) Access to an automated drug distribution system must be limited to pharmacy and nonpharmacy personnel authorized to procure drugs from the system, except that field service technicians may access a system located in a health care facility for the purposes of servicing and maintaining it while being monitored either by the managing pharmacy, or a licensed nurse within the health care facility. In the case of an automated drug distribution system that is not physically located within a licensed pharmacy, access for the purpose of procuring drugs shall be limited to licensed nurses. Each person authorized to access the system must be assigned an individual specific access code. Alternatively, access to the system may be controlled through the use of biometric identification procedures. A policy specifying time access parameters, including time-outs, logoffs, and lockouts, must be in place.

(c) For the purposes of this section only, the requirements of section 151.215 are met if the following clauses are met:

(1) a pharmacist employed by and working at the managing pharmacy, or at a pharmacy that is acting as a central services pharmacy for the managing pharmacy, pursuant to Minnesota Rules, part 6800.4075, must review, interpret, and approve all prescription drug orders before any drug is distributed from the system to be administered to a patient. A pharmacy technician may perform data entry of prescription drug orders provided that a pharmacist certifies the accuracy of the data entry before the drug can be released from the automated drug distribution system. A pharmacist employed by and working at the managing pharmacy must certify the accuracy of the filling of any cassettes, canisters, or other containers that contain drugs that will be loaded into the automated drug distribution system, unless the filled cassettes, canisters, or containers have been provided by a repackager registered with the U.S. Food and Drug Administration and licensed by the board as a manufacturer; and

(2) when the automated drug dispensing system is located and used within the managing pharmacy, a pharmacist must personally supervise and take responsibility for all packaging and labeling associated with the use of an automated drug distribution system.

(d) Access to drugs when a pharmacist has not reviewed and approved the prescription drug order is permitted only when a formal and written decision to allow such access is issued by the

pharmacy and the therapeutics committee or its equivalent. The committee must specify the patient care circumstances in which such access is allowed, the drugs that can be accessed, and the staff that are allowed to access the drugs.

(e) In the case of an automated drug distribution system that does not utilize bar coding in the loading process, the loading of a system located in a health care facility may be performed by a pharmacy technician, so long as the activity is continuously supervised, through a two-way audiovisual system by a pharmacist on duty within the managing pharmacy. In the case of an automated drug distribution system that utilizes bar coding in the loading process, the loading of a system located in a health care facility may be performed by a pharmacy technician or a licensed nurse, provided that the managing pharmacy retains an electronic record of loading activities.

(f) The automated drug distribution system must be under the supervision of a pharmacist. The pharmacist is not required to be physically present at the site of the automated drug distribution system if the system is continuously monitored electronically by the managing pharmacy. A pharmacist on duty within a pharmacy licensed by the board must be continuously available to address any problems detected by the monitoring or to answer questions from the staff of the health care facility. The licensed pharmacy may be the managing pharmacy or a pharmacy which is acting as a central services pharmacy, pursuant to Minnesota Rules, part 6800.4075, for the managing pharmacy.

Sec. 3. Minnesota Statutes 2014, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. **Drugs.** (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician, physician assistant, or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control.

(b) The dispensed quantity of a prescription drug must not exceed a 34-day supply, unless authorized by the commissioner.

(c) For the purpose of this subdivision and subdivision 13d, an "active pharmaceutical ingredient" is defined as a substance that is represented for use in a drug and when used in the manufacturing, processing, or packaging of a drug becomes an active ingredient of the drug product. An "excipient" is defined as an inert substance used as a diluent or vehicle for a drug. The commissioner shall establish a list of active pharmaceutical ingredients and excipients which are included in the medical assistance formulary. Medical assistance covers selected active pharmaceutical ingredients and excipients used in compounded prescriptions when the compounded combination is specifically approved by the commissioner or when a commercially available product:

(1) is not a therapeutic option for the patient;

(2) does not exist in the same combination of active ingredients in the same strengths as the compounded prescription; and

(3) cannot be used in place of the active pharmaceutical ingredient in the compounded prescription.

(d) Medical assistance covers the following over-the-counter drugs when prescribed by a licensed practitioner or by a licensed pharmacist who meets standards established by the commissioner, in consultation with the board of pharmacy: antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions, or disorders, and this determination shall not be subject to the requirements of chapter 14. A pharmacist may prescribe over-the-counter medications as provided under this paragraph for purposes of receiving reimbursement under Medicaid. When prescribing over-the-counter drugs under this paragraph, licensed pharmacists must consult with the recipient to determine necessity, provide drug counseling, review drug therapy for potential adverse interactions, and make referrals as needed to other health care professionals. Over-the-counter medications must be dispensed in a quantity that is the lower lowest of: (1) the number of dosage units contained in the manufacturer's original package; and (2) the number of dosage units required to complete the patient's course of therapy; or (3) if applicable, the number of dosage units dispensed from a system using retrospective billing, as provided under subdivision 13e, paragraph (b).

(e) Effective January 1, 2006, medical assistance shall not cover drugs that are coverable under Medicare Part D as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-2(e), for individuals eligible for drug coverage as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-1(a)(3)(A). For these individuals, medical assistance may cover drugs from the drug classes listed in United States Code, title 42, section 1396r-8(d)(2), subject to this subdivision and subdivisions 13a to 13g, except that drugs listed in United States Code, title 42, section 1396r-8(d)(2)(E), shall not be covered.

(f) Medical assistance covers drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B covered entities and ambulatory pharmacies under common ownership of the 340B covered entity. Medical assistance does not cover drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies.

**EFFECTIVE DATE.** This section is effective January 1, 2016, or upon federal approval, whichever is later.

Sec. 4. Minnesota Statutes 2014, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs or the maximum allowable cost by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65 for legend prescription drugs, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. The pharmacy dispensing fee for over the counter drugs shall

be \$3.65, except that the fee shall be \$1.31 for retrospectively billing pharmacies when billing for quantities less than the number of units contained in the manufacturer's original package. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner at wholesale acquisition cost plus four percent for independently owned pharmacies located in a designated rural area within Minnesota, and at wholesale acquisition cost plus two percent for all other pharmacies. A pharmacy is "independently owned" if it is one of four or fewer pharmacies under the same ownership nationally. A "designated rural area" means an area defined as a small rural area or isolated rural area according to the four-category classification of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration. Effective January 1, 2014, the actual acquisition cost of a drug acquired through the federal 340B Drug Pricing Program shall be estimated by the commissioner at wholesale acquisition cost minus 40 percent. Wholesale acquisition cost is defined as the manufacturer's list price for a drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates, or reductions in price, for the most recent month for which information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) Pharmacies dispensing prescriptions to residents of long-term care facilities using an automated drug distribution system meeting the requirements of section 151.58, or a packaging system meeting the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse, may employ retrospective billing for prescription drugs dispensed to long-term-care facility residents. A retrospectively billing pharmacy must submit a claim only for the quantity of medication used by the enrolled recipient during the defined billing period. A retrospectively billing pharmacy must use a billing period not less than one calendar month or 30 days.

(c) An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. ~~The A~~ A pharmacy provider will be using packaging that meets the standards set forth in Minnesota Rules, part 6800.2700, is required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse, unless the pharmacy is using retrospective billing. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(e) (d) Whenever a maximum allowable cost has been set for a multisource drug, payment shall be the lower of the usual and customary price charged to the public or the maximum allowable cost established by the commissioner unless prior authorization for the brand name product has been granted according to the criteria established by the Drug Formulary Committee as required by subdivision 13f, paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in a manner consistent with section 151.21, subdivision 2.

(d) (e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider, 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. If average sales price is unavailable, the amount of payment must be lower of the usual and customary cost submitted by the provider, the wholesale acquisition cost, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. Effective January 1, 2014, the commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by 20 percent. The payment for drugs administered in an outpatient setting shall be made to the administering facility or practitioner. A retail or specialty pharmacy dispensing a drug for administration in an outpatient setting is not eligible for direct reimbursement.

(e) (f) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

(f) (g) Home infusion therapy services provided by home infusion therapy pharmacies must be paid at rates according to subdivision 8d.

**EFFECTIVE DATE.** This section is effective January 1, 2016, or upon federal approval, whichever is later."

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.

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

S.F. Nos. 1645, 632, 1120, 1587, 1238, 858, 939, 1052, 1350 and 1854 were read the second time.

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time.



**Senator Sparks introduced—**

**S.F. No. 1982:** A bill for an act relating to volunteer firefighters; expanding areas eligible for aid; making the program ongoing; amending Minnesota Statutes 2014, section 69.022, subdivisions 1, 3, 4, 6, by adding subdivisions; repealing Minnesota Statutes 2014, section 69.022, subdivision 8.

Referred to the Committee on Taxes.

**Senators Hawj, Dzedzic, Champion and Franzen introduced—**

**S.F. No. 1983:** A bill for an act relating to health; appropriating money for culturally appropriate fitness grants for immigrant women.

Referred to the Committee on Health, Human Services and Housing.

**Senators Senjem and Torres Ray introduced—**

**S.F. No. 1984:** A bill for an act relating to state government; changing the expiration date for the Mississippi River Parkway Commission; amending Minnesota Statutes 2014, section 161.1419, subdivision 8.

Referred to the Committee on Transportation and Public Safety.

**Senator Benson introduced—**

**S.F. No. 1985:** A bill for an act relating to human services; modifying participation requirements in certain public health care programs for dental service providers; amending Minnesota Statutes 2014, section 256B.0644.

Referred to the Committee on Health, Human Services and Housing.

**Senators Thompson and Dahle introduced—**

**S.F. No. 1986:** A bill for an act relating to capital investment; appropriating money for a grant to the city of Dennison for sewage treatment system improvements; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senators Hawj, Dzedzic, Schmit, Sparks and Saxhaug introduced—**

**S.F. No. 1987:** A bill for an act relating to appropriations; appropriating money for shade tree grant purposes.

Referred to the Committee on Finance.

**Senator Stumpf introduced—**

**S.F. No. 1988:** A bill for an act relating to capital investment; appropriating money for higher education asset preservation and replacement (HEAPR) at the University of Minnesota and Minnesota State Colleges and Universities; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Stumpf introduced—**

**S.F. No. 1989:** A bill for an act relating to capital investment; modifying and correcting appropriations of general obligation bond proceeds; amending Laws 2014, chapter 294, article 1, sections 4, subdivision 3; 15, subdivision 2; 18, subdivision 4; 21, subdivision 10.

Referred to the Committee on Capital Investment.

**Senator Skoe introduced—**

**S.F. No. 1990:** A bill for an act relating to state government; appropriating money for language preservation.

Referred to the Committee on Finance.

**Senators Petersen, B. and Hoffman introduced—**

**S.F. No. 1991:** A bill for an act relating to transportation; capital investment; appropriating money for highway-rail grade separation project in the city of Ramsey; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senators Torres Ray, Stumpf, Hoffman, Senjem and Rosen introduced—**

**S.F. No. 1992:** A bill for an act relating to capital investment; appropriating money for historic sites and historic preservation, including Historic Fort Snelling; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Sparks introduced—**

**S.F. No. 1993:** A bill for an act relating to agriculture; creating the agriculture research, education, extension, and technology transfer grant program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 41A.

Referred to the Committee on Finance.

**Senator Jensen introduced—**

**S.F. No. 1994:** A bill for an act relating to agriculture; appropriating money for a local food promotion and education event.

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

**Senator Dahle introduced—**

**S.F. No. 1995:** A bill for an act relating to education finance; creating the Ag2School debt service property tax credit; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 123B.

Referred to the Committee on Finance.

**Senator Dahle introduced—**

**S.F. No. 1996:** A bill for an act relating to education finance; modifying certain facilities funding provisions; creating a long-term facilities maintenance revenue program for certain school districts and educational cooperatives; appropriating money; amending Minnesota Statutes 2014, section 123B.57, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 123B; repealing Minnesota Statutes 2014, section 123B.591.

Referred to the Committee on Finance.

**Senators Hawj and Tomassoni introduced—**

**S.F. No. 1997:** A bill for an act relating to appropriations; appropriating money for grants to filmmakers and production companies from the refugee community in Minnesota.

Referred to the Committee on Finance.

**Senators Hawj, Tomassoni, Metzen, Ingebrigtsen and Scalze introduced—**

**S.F. No. 1998:** A bill for an act relating to economic development; appropriating money to the Eastside Enterprise Center.

Referred to the Committee on Finance.

**Senators Hawj, Tomassoni, Metzen, Ingebrigtsen and Scalze introduced—**

**S.F. No. 1999:** A bill for an act relating to economic development; appropriating money for the Asian Economic Development Association.

Referred to the Committee on Finance.

**Senators Bonoff, Rest, Osmek, Latz and Franzen introduced—**

**S.F. No. 2000:** A bill for an act relating to transportation; requiring Metropolitan Council to study and report on feasibility of use of commuter rail transit in or near the Interstate Highway 394 Corridor and the feasibility of connecting the Interstate Highway 394 and Southwest Light Rail Transit Corridors; appropriating money.

Referred to the Committee on Transportation and Public Safety.

**Senator Schmit introduced—**

**S.F. No. 2001:** A bill for an act relating to human services finance; appropriating money for a pilot program for home-based monitoring of persons with disabilities.

Referred to the Committee on Health, Human Services and Housing.

**Senators Metzen, Saxhaug, Tomassoni, Housley and Gazelka introduced—**

**S.F. No. 2002:** A bill for an act relating to state departments; appropriating money to the Minnesota Amateur Sports Commission for Mighty Ducks grants; amending Minnesota Statutes 2014, section 240A.09.

Referred to the Committee on Finance.

**Senator Benson introduced—**

**S.F. No. 2003:** A bill for an act relating to human services; modifying the administrative cost limit for prepaid health plans and county-based purchasing plans; amending Minnesota Statutes 2014, section 256B.69, subdivision 5i.

Referred to the Committee on Health, Human Services and Housing.

**Senators Koenen, Dahms, Eken and Weber introduced—**

**S.F. No. 2004:** A bill for an act relating to taxation; property; providing for a school building bond agricultural credit; appropriating money; amending Minnesota Statutes 2014, sections 273.1393; 275.065, subdivision 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 273.

Referred to the Committee on Taxes.

**Senator Champion introduced—**

**S.F. No. 2005:** A bill for an act relating to economic development; appropriating money for minority business development programs.

Referred to the Committee on Finance.

**Senator Anderson introduced—**

**S.F. No. 2006:** A bill for an act relating to telecommunications; appropriating money for a broadband infrastructure economic development demonstration project.

Referred to the Committee on Finance.

**Senators Hall; Thompson; Pratt; Pederson, J. and Goodwin introduced—**

**S.F. No. 2007:** A bill for an act relating to transportation; highways; appropriating money for replacement of the marked Interstate Highway 35W bridge over the Minnesota River; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

**Senator Dibble introduced—**

**S.F. No. 2008:** A bill for an act relating to metropolitan government; establishing a Blue Ribbon Commission to study and make recommendations on metropolitan governance; appropriating money.

Referred to the Committee on State and Local Government.

**Senator Torres Ray introduced—**

**S.F. No. 2009:** A bill for an act relating to taxation; property; modifying additional property tax refund; amending Minnesota Statutes 2014, section 290A.04, subdivision 2h.

Referred to the Committee on Taxes.

**Senators Pappas, Rosen, Sparks and Metzen introduced—**

**S.F. No. 2010:** A bill for an act relating to commerce; restricting the authority of the State Lottery to offer certain games; requiring the State Lottery to suspend certain types of sales; amending Minnesota Statutes 2014, section 349A.13.

Referred to the Committee on State and Local Government.

**Senator Lourey introduced—**

**S.F. No. 2011:** A bill for an act relating to capital investment; appropriating money for capital improvements to the Riverside Center in Moose Lake; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

## MOTIONS AND RESOLUTIONS

Senator Rest moved that the name of Senator Dahms be added as a co-author to S.F. No. 532. The motion prevailed.

Senator Hoffman moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Marty be added as chief author to S.F. No. 674. The motion prevailed.

Senator Marty moved that the name of Senator Reinert be added as a co-author to S.F. No. 674. The motion prevailed.

Senator Housley moved that the name of Senator Limmer be added as a co-author to S.F. No. 1025. The motion prevailed.

Senator Wiklund moved that the name of Senator Nelson be added as a co-author to S.F. No. 1056. The motion prevailed.

Senator Stumpf moved that the name of Senator Kent be added as a co-author to S.F. No. 1124. The motion prevailed.

Senator Ingebrigtsen moved that the name of Senator Limmer be added as a co-author to S.F. No. 1587. The motion prevailed.

Senator Clausen moved that the name of Senator Latz be added as a co-author to S.F. No. 1651. The motion prevailed.

Senator Pappas moved that the name of Senator Pratt be added as a co-author to S.F. No. 1663. The motion prevailed.

Senator Lourey moved that the name of Senator Skoe be added as a co-author to S.F. No. 1694. The motion prevailed.

Senator Fischbach moved that the name of Senator Nelson be added as a co-author to S.F. No. 1960. The motion prevailed.

Senator Benson moved that S.F. No. 1707 be withdrawn from the Committee on Commerce and returned to its author. The motion prevailed.

Senator Rest moved that S.F. No. 886, No. 102 on General Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

Senator Marty moved that S.F. No. 1430, No. 132 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Hawj moved that S.F. No. 534 be withdrawn from the Committee on Jobs, Agriculture and Rural Development and re-referred to the Committee on Finance. The motion prevailed.

**Senator Housley introduced –**

**Senate Resolution No. 127:** A Senate resolution honoring the Stillwater Area High School mock trial team on placing second at the 2014-2015 State Mock Trial Tournament at the Hennepin County Government Center.

Referred to the Committee on Rules and Administration.

**SPECIAL ORDERS**

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. Nos. 423 and 794.

**SPECIAL ORDER**

**H.F. No. 423:** A bill for an act relating to health; eliminating the requirement of a variance for a staff requirement for ambulance services; allowing alternative ambulance staffing in certain areas; allowing a licensed ambulance service in limited areas to accept full mutual aid support on a part-time basis; amending Minnesota Statutes 2014, section 144E.101, subdivisions 6, 12.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Eaton	Jensen	Nienow	Sheran
Bakk	Eken	Johnson	Ortman	Sieben
Benson	Fischbach	Kent	Osmek	Skoe
Bonoff	Franzen	Kiffmeyer	Pappas	Sparks
Carlson	Gazelka	Koenen	Pederson, J.	Stumpf
Chamberlain	Goodwin	Latz	Petersen, B.	Thompson
Champion	Hall	Limmer	Pratt	Tomassoni
Clausen	Hann	Lourey	Rest	Weber
Cohen	Hawj	Marty	Rosen	Westrom
Dahle	Hayden	Metzen	Ruud	Wiger
Dahms	Hoffman	Miller	Saxhaug	Wiklund
Dibble	Housley	Nelson	Scalze	
Dziedzic	Ingebrigtsen	Newman	Senjem	

So the bill passed and its title was agreed to.

#### **SPECIAL ORDER**

**H.F. No. 794:** A bill for an act relating to surveying; streamlining and simplifying statutory sections; making technical and conforming changes; amending Minnesota Statutes 2014, sections 160.15, subdivisions 1, 3; 358.47; 381.12; 389.09, subdivision 1; 505.021, subdivisions 1, 5, 7, 9; 505.04; 505.1792, subdivision 1; 507.093; 508.47, subdivision 4; 508A.47, subdivision 4; repealing Minnesota Statutes 2014, sections 160.15, subdivisions 2, 4, 5; 389.09, subdivision 2.

Senator Carlson moved that H.F. No. 794 be laid on the table. The motion prevailed.

#### **MEMBERS EXCUSED**

Senators Brown, Reinert, Schmit and Torres Ray were excused from the Session of today.

#### **ADJOURNMENT**

Senator Bakk moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 7, 2015. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

