

**ONE HUNDRED SIXTH DAY**

St. Paul, Minnesota, Sunday, May 22, 2016

The Senate met at 1:00 p.m. and was called to order by the President.

**CALL OF THE SENATE**

Senator Reinert 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. Dennis Morreim.

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:

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

The President declared a quorum present.

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

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 12.5, Senator Dziedzic moved that the following members be excused for a Conference Committee on S.F. No. 2963 at 1:00 p.m.:

Senators Dziedzic, Hoffman and Westrom. The motion prevailed.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2378 and 2626.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2016

Madam President:

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

**S.F. No. 3208:** A bill for an act relating to human services; creating a legislative task force on child care; requiring a report to the legislature and the governor.

Senate File No. 3208 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2016

**CONCURRENCE AND REPASSAGE**

Senator Jensen moved that the Senate concur in the amendments by the House to S.F. No. 3208 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 3208 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 46 and nays 16, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Johnson	Pratt	Stumpf
Bakk	Eken	Kent	Reinert	Tomassoni
Bonoff	Fischbach	Koenen	Rest	Torres Ray
Carlson	Franzen	Latz	Rosen	Weber
Champion	Goodwin	Limmer	Saxhaug	Wiger
Clausen	Hawj	Loureys	Scalze	Wiklund
Cohen	Hayden	Marty	Sheran	
Dahle	Housley	Miller	Sieben	
Dahms	Ingebrigtsen	Nelson	Skoe	
Dibble	Jensen	Pappas	Sparks	

Those who voted in the negative were:

Anderson	Gazelka	Newman	Pederson
Benson	Hall	Nienow	Ruud
Brown	Hann	Ortman	Senjem
Chamberlain	Kiffmeyer	Osmek	Thompson

So the bill, as amended, was repassed and its title was agreed to.

**MESSAGES FROM THE HOUSE - CONTINUED**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 498, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 498:** A bill for an act relating to data practices; classifying portable recording system data; establishing requirements for the destruction of data; requiring policies; imposing requirements on vendors and providing for damage awards; amending Minnesota Statutes 2014, section 13.82, subdivision 15, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 626.

Senate File No. 498 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2016

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2527, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 2527:** A bill for an act relating to natural resources; appropriating money from outdoor heritage fund; modifying evaluation provisions; modifying prior appropriations; amending Minnesota Statutes 2014, section 97A.056, subdivision 10; Laws 2015, First Special Session chapter 2, article 1, section 2, subdivisions 2, 3, 5.

Senate File No. 2527 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2016

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3469, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3469 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 21, 2016

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 3469**

A bill for an act relating to crime; modifying crime and increasing sentence of interfering with a body or scene of death; appropriating money; amending Minnesota Statutes 2014, section 609.502, subdivision 1, by adding subdivisions.

May 20, 2016

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 3469 report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H. F. No. 3469 be further amended as follows:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 2014, section 609.502, subdivision 1, is amended to read:

Subdivision 1. **Concealing evidence.** Whoever A person is guilty of a crime and may be sentenced under subdivision 1a if the person interferes with the body or scene of death with intent to:

(1) conceal the body;

(2) conceal evidence; or

(3) otherwise mislead the coroner or conceal evidence is guilty of a gross misdemeanor medical examiner.

**EFFECTIVE DATE.** This section is effective August 1, 2016, and applies to crimes committed on or after that date."

Page 2, after line 2, insert:

"Sec. 3. **TITLE.**

This act shall be known as "Laura's Law."

We request the adoption of this report and repassage of the bill.

House Conferees: Paul Anderson, Jeff Backer, Debra Hilstrom

Senate Conferees: Bill Ingebrigtsen, Torrey N. Westrom, Ron Latz

Senator Ingebrigtsen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3469 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3469 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Abeler	Dibble	Jensen	Ortman	Sheran
Anderson	Eaton	Johnson	Osmek	Sieben
Bakk	Eken	Kent	Pappas	Skoe
Benson	Fischbach	Kiffmeyer	Pederson	Sparks
Bonoff	Franzen	Koenen	Pratt	Stumpf
Brown	Gazelka	Latz	Reinert	Thompson
Carlson	Goodwin	Limmer	Rest	Tomassoni
Chamberlain	Hall	Loureys	Rosen	Torres Ray
Champion	Hann	Marty	Ruud	Weber
Clausen	Hawj	Miller	Saxhaug	Wiger
Cohen	Hayden	Nelson	Scalze	Wiklund
Dahle	Housley	Newman	Schmit	
Dahms	Ingebrigtsen	Nienow	Senjem	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

#### **MESSAGES FROM THE HOUSE - CONTINUED**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2553, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2553 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 21, 2016

#### **CONFERENCE COMMITTEE REPORT ON H. F. NO. 2553**

A bill for an act relating to orders for protection; eliminating respondent filing fee requirements; amending Minnesota Statutes 2014, section 518B.01, subdivision 3a.

May 20, 2016

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 2553 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment

We request the adoption of this report and repassage of the bill.

House Conferees: Marion O'Neill, Kathy Lohmer, Debra Hilstrom

Senate Conferees: Ron Latz, Bev Scalze, Scott J. Newman

Senator Latz moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2553 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2553 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Kent	Pappas	Skoe
Anderson	Fischbach	Kiffmeyer	Pederson	Sparks
Bakk	Franzen	Koenen	Pratt	Stumpf
Benson	Gazelka	Latz	Reinert	Thompson
Bonoff	Goodwin	Limmer	Rest	Tomassoni
Brown	Hall	Loureys	Rosen	Torres Ray
Carlson	Hann	Marty	Ruud	Weber
Chamberlain	Hawj	Miller	Saxhaug	Wiger
Champion	Hayden	Nelson	Scalze	Wiklund
Clausen	Housley	Newman	Schmit	
Cohen	Ingebrigtsen	Nienow	Senjem	
Dibble	Jensen	Ortman	Sheran	
Eaton	Johnson	Osmek	Sieben	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

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

**S.F. No. 3602:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2014, section 124D.90, subdivision 4.

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 3602 was read the second time.

## MOTIONS AND RESOLUTIONS

Senator Latz moved that the name of Senator Limmer be added as a co-author to S.F. No. 3602. The motion prevailed.

S.F. No. 1440 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON 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.

May 21, 2016

The Honorable Sandra L. Pappas  
President of the Senate

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1440 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1440 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2014, section 152.126, subdivision 1, is amended to read:

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

(b) "Board" means the Minnesota State Board of Pharmacy established under chapter 151.

(c) "Controlled substances" means those substances listed in section 152.02, subdivisions 3 to 6, and those substances defined by the board pursuant to section 152.02, subdivisions 7, 8, and 12. For the purposes of this section, controlled substances includes tramadol and butalbital and gabapentin.

(d) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.

(e) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription. For the purposes of this section, a dispenser does not include a licensed hospital pharmacy that distributes controlled substances for inpatient hospital care or a veterinarian who is dispensing prescriptions under section 156.18.

(f) "Prescriber" means a licensed health care professional who is authorized to prescribe a controlled substance under section 152.12, subdivision 1 or 2.

(g) "Prescription" has the meaning given in section 151.01, subdivision 16 16a.

Sec. 2. Minnesota Statutes 2014, section 152.126, subdivision 3, is amended to read:

**Subd. 3. Prescription Monitoring Program Advisory Task Force.** (a) The board shall appoint an advisory task force consisting of at least one representative of:

- (1) the Department of Health;
- (2) the Department of Human Services;

- (3) each health-related licensing board that licenses prescribers;
  - (4) a professional medical association, which may include an association of pain management and chemical dependency specialists;
  - (5) a professional pharmacy association;
  - (6) a professional nursing association;
  - (7) a professional dental association;
  - (8) a consumer privacy or security advocate;
  - (9) a consumer or patient rights organization; and
  - (10) an association of medical examiners and coroners.
- (b) The advisory task force shall advise the board on the development and operation of the prescription monitoring program, including, but not limited to:
- (1) technical standards for electronic prescription drug reporting;
  - (2) proper analysis and interpretation of prescription monitoring data;
  - (3) an evaluation process for the program; and
  - (4) criteria for the unsolicited provision of prescription monitoring data by the board to prescribers and dispensers.
- (c) The task force is governed by section 15.059. Notwithstanding any other provisions of law to the contrary, the task force shall not expire.

Sec. 3. Minnesota Statutes 2014, section 152.126, subdivision 5, is amended to read:

**Subd. 5. Use of data by board.** (a) The board shall develop and maintain a database of the data reported under subdivision 4. The board shall maintain data that could identify an individual prescriber or dispenser in encrypted form. Except as otherwise allowed under subdivision 6, the database may be used by permissible users identified under subdivision 6 for the identification of:

- (1) individuals receiving prescriptions for controlled substances from prescribers who subsequently obtain controlled substances from dispensers in quantities or with a frequency inconsistent with generally recognized standards of use for those controlled substances, including standards accepted by national and international pain management associations; and

- (2) individuals presenting forged or otherwise false or altered prescriptions for controlled substances to dispensers.

(b) No permissible user identified under subdivision 6 may access the database for the sole purpose of identifying prescribers of controlled substances for unusual or excessive prescribing patterns without a valid search warrant or court order.

(c) No personnel of a state or federal occupational licensing board or agency may access the database for the purpose of obtaining information to be used to initiate or substantiate a disciplinary action against a prescriber.

(d) Data reported under subdivision 4 shall be made available to permissible users for a 12-month period beginning the day the data was received and ending 12 months from the last day of the month in which the data was received, except that permissible users defined in subdivision 6, paragraph (b), clauses (6) and (7), may use all data collected under this section for the purposes of administering, operating, and maintaining the prescription monitoring program and conducting trend analyses and other studies necessary to evaluate the effectiveness of the program. Data retained beyond 24 months must be de-identified.

(e) ~~The board shall not retain data reported under subdivision 4 for a period longer than four years from the date the data was received.~~

(e) Data reported during the period January 1, 2015, through December 31, 2018, may be retained through December 31, 2019, in an identifiable manner. Effective January 1, 2020, data older than 24 months must be destroyed. Data reported on or after January 1, 2020, must be destroyed no later than 12 months from the date the data was received.

Sec. 4. Minnesota Statutes 2014, section 152.126, subdivision 6, is amended to read:

**Subd. 6. Access to reporting system data.** (a) Except as indicated in this subdivision, the data submitted to the board under subdivision 4 is private data on individuals as defined in section 13.02, subdivision 12, and not subject to public disclosure.

(b) Except as specified in subdivision 5, the following persons shall be considered permissible users and may access the data submitted under subdivision 4 in the same or similar manner, and for the same or similar purposes, as those persons who are authorized to access similar private data on individuals under federal and state law:

(1) a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, to the extent the information relates specifically to a current patient, to whom the prescriber is:

(i) prescribing or considering prescribing any controlled substance;

(ii) providing emergency medical treatment for which access to the data may be necessary; or

(iii) providing care, and the prescriber has reason to believe, based on clinically valid indications, that the patient is potentially abusing a controlled substance; or

(iv) providing other medical treatment for which access to the data may be necessary for a clinically valid purpose and the patient has consented to access to the submitted data, and with the provision that the prescriber remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(2) a dispenser or an agent or employee of the dispenser to whom the dispenser has delegated the task of accessing the data, to the extent the information relates specifically to a current patient to whom that dispenser is dispensing or considering dispensing any controlled substance and with the provision that the dispenser remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(3) a licensed pharmacist who is providing pharmaceutical care for which access to the data may be necessary to the extent that the information relates specifically to a current patient for whom the pharmacist is providing pharmaceutical care: (i) if the patient has consented to access

to the submitted data; or (ii) if the pharmacist is consulted by a prescriber who is requesting data in accordance with clause (1);

(4) an individual who is the recipient of a controlled substance prescription for which data was submitted under subdivision 4, or a guardian of the individual, parent or guardian of a minor, or health care agent of the individual acting under a health care directive under chapter 145C;

(5) personnel or designees of the a health-related licensing board specifically listed in section 214.01, subdivision 2, or of the Emergency Medical Services Regulatory Board, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is impaired by use of a drug for which data is collected under subdivision 4, has engaged in activity that would constitute a crime as defined in section 152.025, or has engaged in the behavior specified in subdivision 5, paragraph (a);

(6) personnel of the board engaged in the collection, review, and analysis of controlled substance prescription information as part of the assigned duties and responsibilities under this section;

(7) authorized personnel of a vendor under contract with the state of Minnesota who are engaged in the design, implementation, operation, and maintenance of the prescription monitoring program as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to carry out such duties and responsibilities, and subject to the requirement of de-identification and time limit on retention of data specified in subdivision 5, paragraphs (d) and (e);

(8) federal, state, and local law enforcement authorities acting pursuant to a valid search warrant;

(9) personnel of the Minnesota health care programs assigned to use the data collected under this section to identify and manage recipients whose usage of controlled substances may warrant restriction to a single primary care provider, a single outpatient pharmacy, and a single hospital;

(10) personnel of the Department of Human Services assigned to access the data pursuant to paragraph (h) (i); and

(11) personnel of the health professionals services program established under section 214.31, to the extent that the information relates specifically to an individual who is currently enrolled in and being monitored by the program, and the individual consents to access to that information. The health professionals services program personnel shall not provide this data to a health-related licensing board or the Emergency Medical Services Regulatory Board, except as permitted under section 214.33, subdivision 3.

For purposes of clause (4), access by an individual includes persons in the definition of an individual under section 13.02-; and

(12) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is inappropriately prescribing controlled substances as defined in this section.

(c) By July 1, 2017, every prescriber licensed by a health-related licensing board listed in section 214.01, subdivision 2, practicing within this state who is authorized to prescribe controlled substances for humans and who holds a current registration issued by the federal Drug Enforcement Administration, and every pharmacist licensed by the board and practicing within the state, shall

register and maintain a user account with the prescription monitoring program. Data submitted by a prescriber, pharmacist, or their delegate during the registration application process, other than their name, license number, and license type, is classified as private pursuant to section 13.02, subdivision 12.

(d) A Only permissible user users identified in paragraph (b), clauses (1), (2), (3), (6), (7), (9), and (10), may directly access the data electronically. No other permissible users may directly access the data electronically. If the data is directly accessed electronically, the permissible user shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

(d) (e) The board shall not release data submitted under subdivision 4 unless it is provided with evidence, satisfactory to the board, that the person requesting the information is entitled to receive the data.

(e) (f) The board shall maintain a log of all persons who access the data for a period of at least three years and shall ensure that any permissible user complies with paragraph (c) prior to attaining direct access to the data.

(f) (g) Section 13.05, subdivision 6, shall apply to any contract the board enters into pursuant to subdivision 2. A vendor shall not use data collected under this section for any purpose not specified in this section.

(g) (h) The board may participate in an interstate prescription monitoring program data exchange system provided that permissible users in other states have access to the data only as allowed under this section, and that section 13.05, subdivision 6, applies to any contract or memorandum of understanding that the board enters into under this paragraph. ~~The board shall report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over health and human services policy and finance on the interstate prescription monitoring program by January 5, 2016.~~

(h) (i) With available appropriations, the commissioner of human services shall establish and implement a system through which the Department of Human Services shall routinely access the data for the purpose of determining whether any client enrolled in an opioid treatment program licensed according to chapter 245A has been prescribed or dispensed a controlled substance in addition to that administered or dispensed by the opioid treatment program. When the commissioner determines there have been multiple prescribers or multiple prescriptions of controlled substances, the commissioner shall:

(1) inform the medical director of the opioid treatment program only that the commissioner determined the existence of multiple prescribers or multiple prescriptions of controlled substances; and

(2) direct the medical director of the opioid treatment program to access the data directly, review the effect of the multiple prescribers or multiple prescriptions, and document the review.

If determined necessary, the commissioner of human services shall seek a federal waiver of, or exception to, any applicable provision of Code of Federal Regulations, title 42, section 2.34, paragraph (c), prior to implementing this paragraph.

(f) (j) The board shall review the data submitted under subdivision 4 on at least a quarterly basis and shall establish criteria, in consultation with the advisory task force, for referring information about a patient to prescribers and dispensers who prescribed or dispensed the prescriptions in question if the criteria are met. The board shall report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over health and human services policy and finance on the criteria established under this paragraph and the review process by January 5, 2016. This paragraph expires August 1, 2016.

## Sec. 5. REPEALER.

Laws 2014, chapter 286, article 7, section 4, is repealed."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Julie A. Rosen, Kathy Sheran, Michelle R. Benson

House Conferees: Dave Baker, Nick Zerwas

Senator Rosen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1440 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1440 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 2, as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Ingebrights	Newman	Scalze
Anderson	Eaton	Jensen	Nienow	Schmit
Bakk	Eken	Johnson	Ortman	Senjem
Benson	Fischbach	Kent	Osmek	Sheran
Bonoff	Franzen	Kiffmeyer	Pappas	Skoe
Carlson	Gazelka	Koenen	Pederson	Sparks
Chamberlain	Goodwin	Latz	Pratt	Stumpf
Champion	Hall	Limmer	Reinert	Tomassoni
Clausen	Hann	Loureys	Rest	Torres Ray
Cohen	Hawj	Marty	Rosen	Weber
Dahle	Hayden	Miller	Ruud	Wiger
Dahms	Housley	Nelson	Saxhaug	Wiklund

Those who voted in the negative were:

Brown Thompson

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3384, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3384 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 22, 2016

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 3384**

A bill for an act relating to insurance; making changes to the life insurance reserves; amending Minnesota Statutes 2014, sections 61A.24, subdivision 12, by adding a subdivision; 61A.25.

May 22, 2016

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 3384 report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.

We request the adoption of this report and repassage of the bill.

House Conferees: Joe Hoppe, Greg Davids, Joe Atkins

Senate Conferees: Vicki Jensen, Bobby Joe Champion, Eric R. Pratt

Senator Jensen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3384 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3384 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Abeler	Dahms	Housley	Newman	Scalze
Anderson	Dibble	Ingebrigtsen	Nienow	Schmit
Bakk	Eaton	Jensen	Ortman	Sheran
Benson	Eken	Johnson	Osmek	Skoe
Bonoff	Fischbach	Kent	Pappas	Sparks
Brown	Franzen	Kiffmeyer	Pederson	Stumpf
Carlson	Gazelka	Koenen	Pratt	Thompson
Chamberlain	Goodwin	Latz	Reinert	Tomassoni
Champion	Hall	Limmer	Rest	Torres Ray
Clausen	Hann	Loureys	Rosen	Weber
Cohen	Hawj	Miller	Ruud	Wiger
Dahle	Hayden	Nelson	Saxhaug	Wiklund

Those who voted in the negative were:

Senjem

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

#### **MESSAGES FROM THE HOUSE - CONTINUED**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3142, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3142 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 22, 2016

#### **CONFERENCE COMMITTEE REPORT ON H. F. NO. 3142**

A bill for an act relating to health; amending provisions for the statewide trauma system, home care, hearing instrument dispensers, Zika preparedness, and food, beverage, and lodging establishments; amending Minnesota Statutes 2014, sections 144.605, subdivision 5; 144.608, subdivision 1; 144A.473, subdivision 2; 144A.475, subdivisions 3, 3b, by adding a subdivision; 144A.4791, by adding a subdivision; 144A.4792, subdivision 13; 144A.4799, subdivisions 1, 3; 144A.482; 144D.01, subdivision 2a; 144G.03, subdivisions 2, 4; 153A.14, subdivisions 2d, 2h; 153A.15, subdivision 2a; 157.15, subdivision 14; 157.16, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 144.

May 21, 2016

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 3142 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3142 be further amended as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [62K.075] PROVIDER NETWORK NOTIFICATIONS.**

(a) A health carrier must update the carrier's Web site at least once a month with any changes to the carrier's provider network, including provider changes from in-network status to out-of-network status.

(b) Upon notification from an enrollee, a health carrier must reprocess any claim for services provided by a provider whose status has changed from in-network to out-of-network as an in-network claim if the service was provided after the network change went into effect but before the change was posted as required under paragraph (a) unless the health carrier notified the enrollee of the network change prior to the service being provided. This paragraph does not apply if the health carrier is able to verify that the health carrier's Web site displayed the correct provider network status on the health carrier's Web site at the time the service was provided.

(c) The limitations of section 62Q.56, subdivision 2a, shall apply to payments required by paragraph (b).

Sec. 2. Minnesota Statutes 2015 Supplement, section 62U.04, subdivision 11, is amended to read:

**Subd. 11. Restricted uses of the all-payer claims data.** (a) Notwithstanding subdivision 4, paragraph (b), and subdivision 5, paragraph (b), the commissioner or the commissioner's designee shall only use the data submitted under subdivisions 4 and 5 for the following purposes:

(1) to evaluate the performance of the health care home program as authorized under sections 256B.0751, subdivision 6, and 256B.0752, subdivision 2;

(2) to study, in collaboration with the reducing avoidable readmissions effectively (RARE) campaign, hospital readmission trends and rates;

(3) to analyze variations in health care costs, quality, utilization, and illness burden based on geographical areas or populations;

(4) to evaluate the state innovation model (SIM) testing grant received by the Departments of Health and Human Services, including the analysis of health care cost, quality, and utilization baseline and trend information for targeted populations and communities; and

(5) to compile one or more public use files of summary data or tables that must:

(i) be available to the public for no or minimal cost by March 1, 2016, and available by Web-based electronic data download by June 30, 2019;

(ii) not identify individual patients, payers, or providers;

(iii) be updated by the commissioner, at least annually, with the most current data available;

(iv) contain clear and conspicuous explanations of the characteristics of the data, such as the dates of the data contained in the files, the absence of costs of care for uninsured patients or nonresidents, and other disclaimers that provide appropriate context; and

(v) not lead to the collection of additional data elements beyond what is authorized under this section as of June 30, 2015.

(b) The commissioner may publish the results of the authorized uses identified in paragraph (a) so long as the data released publicly do not contain information or descriptions in which the identity of individual hospitals, clinics, or other providers may be discerned.

(c) Nothing in this subdivision shall be construed to prohibit the commissioner from using the data collected under subdivision 4 to complete the state-based risk adjustment system assessment due to the legislature on October 1, 2015.

(d) The commissioner or the commissioner's designee may use the data submitted under subdivisions 4 and 5 for the purpose described in paragraph (a), clause (3), until July 1, 2016 2019.

(e) The commissioner shall consult with the all-payer claims database work group established under subdivision 12 regarding the technical considerations necessary to create the public use files of summary data described in paragraph (a), clause (5).

Sec. 3. Minnesota Statutes 2014, section 144.605, subdivision 5, is amended to read:

**Subd. 5. Level IV designation.** (a) The commissioner shall grant the appropriate level IV trauma hospital designation to a hospital that successfully completes the designation process under paragraph (b).

(b) The hospital must complete and submit a self-reported survey and application to the Trauma Advisory Council for review, verifying that the hospital meets the criteria as a level IV trauma hospital. When the Trauma Advisory Council is satisfied the application is complete, the council shall review the application and, if the council approves the application, send a letter of recommendation to the commissioner for final approval and designation. The commissioner shall grant a level IV designation and shall arrange a site review visit within three years of the designation and every three years thereafter, to coincide with the three-year reverification process. The commissioner shall arrange a site review visit. Upon successful completion of the site review, the review team shall make written recommendations to the Trauma Advisory Council. If approved by the Trauma Advisory Council, a letter of recommendation shall be sent to the commissioner for final approval and designation.

**EFFECTIVE DATE.** This section is effective October 1, 2016.

Sec. 4. Minnesota Statutes 2014, section 144.608, subdivision 1, is amended to read:

**Subdivision 1. Trauma Advisory Council established.** (a) A Trauma Advisory Council is established to advise, consult with, and make recommendations to the commissioner on the development, maintenance, and improvement of a statewide trauma system.

(b) The council shall consist of the following members:

(1) a trauma surgeon certified by the American Board of Surgery or the American Osteopathic Board of Surgery who practices in a level I or II trauma hospital;

(2) a general surgeon certified by the American Board of Surgery or the American Osteopathic Board of Surgery whose practice includes trauma and who practices in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);

- (3) a neurosurgeon certified by the American Board of Neurological Surgery who practices in a level I or II trauma hospital;
- (4) a trauma program nurse manager or coordinator practicing in a level I or II trauma hospital;
- (5) an emergency physician certified by the American Board of Emergency Medicine or the American Osteopathic Board of Emergency Medicine whose practice includes emergency room care in a level I, II, III, or IV trauma hospital;
- (6) a trauma program manager or coordinator who practices in a level III or IV trauma hospital;
- (7) a physician certified by the American Board of Family Medicine or the American Osteopathic Board of Family Practice whose practice includes emergency department care in a level III or IV trauma hospital located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);
- (8) a nurse practitioner, as defined under section 144.1501, subdivision 1, paragraph (h), or a physician assistant, as defined under section 144.1501, subdivision 1, paragraph (j), whose practice includes emergency room care in a level IV trauma hospital located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);
- (9) a pediatrician physician certified in pediatric emergency medicine by the American Board of Pediatrics or certified in pediatric emergency medicine by the American Board of Emergency Medicine or certified by the American Osteopathic Board of Pediatrics whose practice primarily includes emergency department medical care in a level I, II, III, or IV trauma hospital, or a surgeon certified in pediatric surgery by the American Board of Surgery whose practice involves the care of pediatric trauma patients in a trauma hospital;
- (10) an orthopedic surgeon certified by the American Board of Orthopaedic Surgery or the American Osteopathic Board of Orthopedic Surgery whose practice includes trauma and who practices in a level I, II, or III trauma hospital;
- (11) the state emergency medical services medical director appointed by the Emergency Medical Services Regulatory Board;
- (12) a hospital administrator of a level III or IV trauma hospital located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);
- (13) a rehabilitation specialist whose practice includes rehabilitation of patients with major trauma injuries or traumatic brain injuries and spinal cord injuries as defined under section 144.661;
- (14) an attendant or ambulance director who is an EMT, EMT-I, or EMT-P within the meaning of section 144E.001 and who actively practices with a licensed ambulance service in a primary service area located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b); and
- (15) the commissioner of public safety or the commissioner's designee.

**Sec. 5. [144.945] ZIKA PREPAREDNESS AND RESPONSE.**

The commissioner of health shall seek additional federal funds for the following statewide planning, coordination, preparation, and response activities related to the Zika virus:

(1) maintaining state and local public health readiness to address Zika-related public health threats;

(2) conducting diagnostic tests of patients who meet criteria for Zika testing and maintaining enhanced laboratory surveillance activities related to Zika;

(3) engaging in Zika surveillance activities, including evaluating patients for testing based on criteria, advising health care providers on Zika virus research, providing recommendations and interpretations of test results, and conducting Zika-related public awareness and prevention activities; and

(4) conducting mosquito surveillance activities under section 144.95 to enhance monitoring of areas where mosquitoes carrying the Zika virus may be found in Minnesota, notwithstanding section 144.95, subdivision 10.

Sec. 6. Minnesota Statutes 2014, section 144A.471, subdivision 9, is amended to read:

**Subd. 9. Exclusions from home care licensure.** The following are excluded from home care licensure and are not required to provide the home care bill of rights:

(1) an individual or business entity providing only coordination of home care that includes one or more of the following:

(i) determination of whether a client needs home care services, or assisting a client in determining what services are needed;

(ii) referral of clients to a home care provider;

(iii) administration of payments for home care services; or

(iv) administration of a health care home established under section 256B.0751;

(2) an individual who is not an employee of a licensed home care provider if the individual:

(i) only provides services as an independent contractor to one or more licensed home care providers;

(ii) provides no services under direct agreements or contracts with clients; and

(iii) is contractually bound to perform services in compliance with the contracting home care provider's policies and service plans;

(3) a business that provides staff to home care providers, such as a temporary employment agency, if the business:

(i) only provides staff under contract to licensed or exempt providers;

(ii) provides no services under direct agreements with clients; and

(iii) is contractually bound to perform services under the contracting home care provider's direction and supervision;

(4) any home care services conducted by and for the adherents of any recognized church or religious denomination for its members through spiritual means, or by prayer for healing;

(5) an individual who only provides home care services to a relative;

(6) an individual not connected with a home care provider that provides assistance with basic home care needs if the assistance is provided primarily as a contribution and not as a business;

(7) an individual not connected with a home care provider that shares housing with and provides primarily housekeeping or homemaking services to an elderly or disabled person in return for free or reduced-cost housing;

(8) an individual or provider providing home-delivered meal services;

(9) an individual providing senior companion services and other older American volunteer programs (OAVP) established under the Domestic Volunteer Service Act of 1973, United States Code, title 42, chapter 66;

(10) an employee of a nursing home or home care provider licensed under this chapter or an employee of a boarding care home licensed under sections 144.50 to 144.56 who responds when responding to occasional emergency calls from individuals residing in a residential setting that is attached to or located on property contiguous to the nursing home or, boarding care home, or location where home care services are also provided;

(11) an employee of a nursing home or home care provider licensed under this chapter or an employee of a boarding care home licensed under sections 144.50 to 144.56 when providing occasional minor services free of charge to individuals residing in a residential setting that is attached to or located on property contiguous to the nursing home, boarding care home, or location where home care services are also provided;

(11) (12) a member of a professional corporation organized under chapter 319B that does not regularly offer or provide home care services as defined in section 144A.43, subdivision 3;

(12) (13) the following organizations established to provide medical or surgical services that do not regularly offer or provide home care services as defined in section 144A.43, subdivision 3: a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under chapter 317A, a partnership organized under chapter 323, or any other entity determined by the commissioner;

(13) (14) an individual or agency that provides medical supplies or durable medical equipment, except when the provision of supplies or equipment is accompanied by a home care service;

(14) (15) a physician licensed under chapter 147;

(15) (16) an individual who provides home care services to a person with a developmental disability who lives in a place of residence with a family, foster family, or primary caregiver;

(16) (17) a business that only provides services that are primarily instructional and not medical services or health-related support services;

(17) (18) an individual who performs basic home care services for no more than 14 hours each calendar week to no more than one client;

(18) (19) an individual or business licensed as hospice as defined in sections 144A.75 to 144A.755 who is not providing home care services independent of hospice service;

(~~19~~) (20) activities conducted by the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, including communicable disease investigations or testing; or

(~~20~~) (21) administering or monitoring a prescribed therapy necessary to control or prevent a communicable disease, or the monitoring of an individual's compliance with a health directive as defined in section 144.4172, subdivision 6.

Sec. 7. Minnesota Statutes 2014, section 144A.473, subdivision 2, is amended to read:

**Subd. 2. Temporary license.** (a) For new license applicants, the commissioner shall issue a temporary license for either the basic or comprehensive home care level. A temporary license is effective for up to one year from the date of issuance. Temporary licensees must comply with sections 144A.43 to 144A.482.

(b) During the temporary license year, the commissioner shall survey the temporary licensee after the commissioner is notified or has evidence that the temporary licensee is providing home care services.

(c) Within five days of beginning the provision of services, the temporary licensee must notify the commissioner that it is serving clients. The notification to the commissioner may be mailed or e-mailed to the commissioner at the address provided by the commissioner. If the temporary licensee does not provide home care services during the temporary license year, then the temporary license expires at the end of the year and the applicant must reapply for a temporary home care license.

(d) A temporary licensee may request a change in the level of licensure prior to being surveyed and granted a license by notifying the commissioner in writing and providing additional documentation or materials required to update or complete the changed temporary license application. The applicant must pay the difference between the application fees when changing from the basic level to the comprehensive level of licensure. No refund will be made if the provider chooses to change the license application to the basic level.

(e) If the temporary licensee notifies the commissioner that the licensee has clients within 45 days prior to the temporary license expiration, the commissioner may extend the temporary license for up to 60 days in order to allow the commissioner to complete the on-site survey required under this section and follow-up survey visits.

Sec. 8. Minnesota Statutes 2014, section 144A.475, subdivision 3, is amended to read:

**Subd. 3. Notice.** (a) Prior to any suspension, revocation, or refusal to renew a license, the home care provider shall be entitled to notice and a hearing as provided by sections 14.57 to 14.69. In addition to any other remedy provided by law, the commissioner may, without a prior contested case hearing, temporarily suspend a license or prohibit delivery of services by a provider for not more than 90 days, or issue a conditional license if the commissioner determines that there are level 3 or 4 violations as defined in section 144A.474, subdivision 11, paragraph (b), that do not pose an imminent risk of harm to the health or safety of persons in the provider's care, provided:

- (1) advance notice is given to the home care provider;
- (2) after notice, the home care provider fails to correct the problem;

(3) the commissioner has reason to believe that other administrative remedies are not likely to be effective; and

(4) there is an opportunity for a contested case hearing within the 30 days unless there is an extension granted by an administrative law judge pursuant to subdivision 3b.

(b) If the commissioner determines there are:

(1) level 4 violations; or

(2) violations that pose an imminent risk of harm to the health or safety of persons in the provider's care,

the commissioner may immediately temporarily suspend a license, prohibit delivery of services by a provider, or issue a conditional license without meeting the requirements of paragraph (a), clauses (1) to (4).

For the purposes of this subdivision, "level 3" and "level 4" have the meanings given in section 144A.474, subdivision 11, paragraph (b).

Sec. 9. Minnesota Statutes 2014, section 144A.475, subdivision 3b, is amended to read:

Subd. 3b. **Temporary suspension Expedited hearing.** (a) Within five business days of receipt of the license holder's timely appeal of a temporary suspension or issuance of a conditional license, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a notice of hearing by certified mail or personal service at least ten business days before the hearing. Certified mail to the last known address is sufficient. The scope of the hearing shall be limited solely to the issue of whether the temporary suspension or issuance of a conditional license should remain in effect and whether there is sufficient evidence to conclude that the licensee's actions or failure to comply with applicable laws are level 3 or 4 violations as defined in section 144A.474, subdivision 11, paragraph (b), or that there were violations that posed an imminent risk of harm to the health and safety of persons in the provider's care.

(b) The administrative law judge shall issue findings of fact, conclusions, and a recommendation within ten business days from the date of hearing. The parties shall have ten calendar days to submit exceptions to the administrative law judge's report. The record shall close at the end of the ten-day period for submission of exceptions. The commissioner's final order shall be issued within ten business days from the close of the record. When an appeal of a temporary immediate suspension or conditional license is withdrawn or dismissed, the commissioner shall issue a final order affirming the temporary immediate suspension or conditional license within ten calendar days of the commissioner's receipt of the withdrawal or dismissal. The license holder is prohibited from operation during the temporary suspension period.

(c) When the final order under paragraph (b) affirms an immediate suspension, and a final licensing sanction is issued under subdivisions 1 and 2 and the licensee appeals that sanction, the licensee is prohibited from operation pending a final commissioner's order after the contested case hearing conducted under chapter 14.

(d) A licensee whose license is temporarily suspended must comply with the requirements for notification and transfer of clients in subdivision 5. These requirements remain if an appeal is requested.

Sec. 10. Minnesota Statutes 2014, section 144A.475, is amended by adding a subdivision to read:

Subd. 3c. Immediate temporary suspension. (a) In addition to any other remedies provided by law, the commissioner may, without a prior contested case hearing, immediately temporarily suspend a license or prohibit delivery of services by a provider for not more than 90 days, or issue a conditional license, if the commissioner determines that there are:

(1) level 4 violations; or

(2) violations that pose an imminent risk of harm to the health or safety of persons in the provider's care.

(b) For purposes of this subdivision, "level 4" has the meaning given in section 144A.474, subdivision 11, paragraph (b).

(c) A notice stating the reasons for the immediate temporary suspension or conditional license and informing the license holder of the right to an expedited hearing under subdivision 3b, must be delivered by personal service to the address shown on the application or the last known address of the license holder. The license holder may appeal an order immediately temporarily suspending a license or issuing a conditional license. The appeal must be made in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within five calendar days after the license holder receives notice. If an appeal is made by personal service, it must be received by the commissioner within five calendar days after the license holder received the order.

(d) A license holder whose license is immediately temporarily suspended must comply with the requirements for notification and transfer of clients in subdivision 5. These requirements remain if an appeal is requested.

Sec. 11. Minnesota Statutes 2014, section 144A.4791, is amended by adding a subdivision to read:

Subd. 14. Application of other law. Home care providers may exercise the authority and are subject to the protections in section 152.34.

Sec. 12. Minnesota Statutes 2014, section 144A.4792, subdivision 13, is amended to read:

Subd. 13. Prescriptions. There must be a current written or electronically recorded prescription as defined in Minnesota Rules, part 6800.0100, subpart 11a section 151.01, subdivision 16a, for all prescribed medications that the comprehensive home care provider is managing for the client.

Sec. 13. Minnesota Statutes 2014, section 144A.4799, subdivision 1, is amended to read:

Subdivision 1. Membership. The commissioner of health shall appoint eight persons to a home care provider home care and assisted living program advisory council consisting of the following:

(1) three public members as defined in section 214.02 who shall be either persons who are currently receiving home care services or have family members receiving home care services, or

persons who have family members who have received home care services within five years of the application date;

(2) three Minnesota home care licensees representing basic and comprehensive levels of licensure who may be a managerial official, an administrator, a supervising registered nurse, or an unlicensed personnel performing home care tasks;

(3) one member representing the Minnesota Board of Nursing; and

(4) one member representing the ombudsman for long-term care.

Sec. 14. Minnesota Statutes 2014, section 144A.4799, subdivision 3, is amended to read:

**Subd. 3. Duties.** (a) At the commissioner's request, the advisory council shall provide advice regarding regulations of Department of Health licensed home care providers in this chapter, including advice on the following:

(1) community standards for home care practices;

(2) enforcement of licensing standards and whether certain disciplinary actions are appropriate;

(3) ways of distributing information to licensees and consumers of home care;

(4) training standards;

(5) identify identifying emerging issues and opportunities in the home care field, including the use of technology in home and telehealth capabilities;

(6) allowable home care licensing modifications and exemptions, including a method for an integrated license with an existing license for rural licensed nursing homes to provide limited home care services in an adjacent independent living apartment building owned by the licensed nursing home; and

(7) recommendations for studies using the data in section 62U.04, subdivision 4, including but not limited to studies concerning costs related to dementia and chronic disease among an elderly population over 60 and additional long-term care costs, as described in section 62U.10, subdivision 6.

(7) (b) The advisory council shall perform other duties as directed by the commissioner.

Sec. 15. Minnesota Statutes 2014, section 144A.482, is amended to read:

#### **144A.482 REGISTRATION OF HOME MANAGEMENT PROVIDERS.**

(a) For purposes of this section, a home management provider is a person or organization that provides at least two of the following services: housekeeping, meal preparation, and shopping to a person who is unable to perform these activities due to illness, disability, or physical condition.

(b) A person or organization that provides only home management services may not operate in the state without a current certificate of registration issued by the commissioner of health. To obtain a certificate of registration, the person or organization must annually submit to the commissioner the name, mailing and physical addresses, e-mail address, and telephone number of the person or organization and a signed statement declaring that the person or organization is aware that the home care bill of rights applies to their clients and that the person or organization will comply with the home care bill of rights provisions contained in section 144A.44. A person or organization applying

for a certificate must also provide the name, business address, and telephone number of each of the persons responsible for the management or direction of the organization.

(c) The commissioner shall charge an annual registration fee of \$20 for persons and \$50 for organizations. The registration fee shall be deposited in the state treasury and credited to the state government special revenue fund.

(d) A home care provider that provides home management services and other home care services must be licensed, but licensure requirements other than the home care bill of rights do not apply to those employees or volunteers who provide only home management services to clients who do not receive any other home care services from the provider. A licensed home care provider need not be registered as a home management service provider but must provide an orientation on the home care bill of rights to its employees or volunteers who provide home management services.

(e) An individual who provides home management services under this section must, within 120 days after beginning to provide services, attend an orientation session ~~approved by the commissioner~~ that provides training on the home care bill of rights and an orientation on the aging process and the needs and concerns of elderly and disabled persons.

(f) The commissioner may suspend or revoke a provider's certificate of registration or assess fines for violation of the home care bill of rights. Any fine assessed for a violation of the home care bill of rights by a provider registered under this section shall be in the amount established in the licensure rules for home care providers. As a condition of registration, a provider must cooperate fully with any investigation conducted by the commissioner, including providing specific information requested by the commissioner on clients served and the employees and volunteers who provide services. Fines collected under this paragraph shall be deposited in the state treasury and credited to the fund specified in the statute or rule in which the penalty was established.

(g) The commissioner may use any of the powers granted in sections 144A.43 to 144A.4798 to administer the registration system and enforce the home care bill of rights under this section.

Sec. 16. Minnesota Statutes 2014, section 144D.01, subdivision 2a, is amended to read:

Subd. 2a. **Arranged home care provider.** "Arranged home care provider" means a home care provider licensed under ~~Minnesota Rules, chapter 4668, chapter 144A~~ that provides services to some or all of the residents of a housing with services establishment and that is either the establishment itself or another entity with which the establishment has an arrangement.

Sec. 17. Minnesota Statutes 2014, section 144G.03, subdivision 2, is amended to read:

Subd. 2. **Minimum requirements for assisted living.** (a) Assisted living shall be provided or made available only to individuals residing in a registered housing with services establishment. Except as expressly stated in this chapter, a person or entity offering assisted living may define the available services and may offer assisted living to all or some of the residents of a housing with services establishment. The services that comprise assisted living may be provided or made available directly by a housing with services establishment or by persons or entities with which the housing with services establishment has made arrangements.

(b) A person or entity entitled to use the phrase "assisted living," according to section 144G.02, subdivision 1, shall do so only with respect to a housing with services establishment, or a service,

service package, or program available within a housing with services establishment that, at a minimum:

(1) provides or makes available health-related services under a class A or class F home care license. At a minimum, health-related services must include:

(i) assistance with self-administration of medication, as defined in Minnesota Rules, part 4668.0003, subpart 2a, medication management, or medication administration as defined in Minnesota Rules, part 4668.0003, subpart 21a in section 144A.43; and

(ii) assistance with at least three of the following seven activities of daily living: bathing, dressing, grooming, eating, transferring, continence care, and toileting.

All health-related services shall be provided in a manner that complies with applicable home care licensure requirements in chapter 144A; and sections 148.171 to 148.285; and Minnesota Rules, chapter 4668;

(2) provides necessary assessments of the physical and cognitive needs of assisted living clients by a registered nurse, as required by applicable home care licensure requirements in chapter 144A; and sections 148.171 to 148.285; and Minnesota Rules, chapter 4668;

(3) has and maintains a system for delegation of health care activities to unlicensed assistive health care personnel by a registered nurse, including supervision and evaluation of the delegated activities as required by applicable home care licensure requirements in chapter 144A; and sections 148.171 to 148.285; and Minnesota Rules, chapter 4668;

(4) provides staff access to an on-call registered nurse 24 hours per day, seven days per week;

(5) has and maintains a system to check on each assisted living client at least daily;

(6) provides a means for assisted living clients to request assistance for health and safety needs 24 hours per day, seven days per week, from the establishment or a person or entity with which the establishment has made arrangements;

(7) has a person or persons available 24 hours per day, seven days per week, who is responsible for responding to the requests of assisted living clients for assistance with health or safety needs, who shall be:

(i) awake;

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

(iii) capable of communicating with assisted living clients;

(iv) capable of recognizing the need for assistance;

(v) capable of providing either the assistance required or summoning the appropriate assistance; and

(vi) capable of following directions;

(8) offers to provide or make available at least the following supportive services to assisted living clients:

- (i) two meals per day;
  - (ii) weekly housekeeping;
  - (iii) weekly laundry service;
  - (iv) upon the request of the client, reasonable assistance with arranging for transportation to medical and social services appointments, and the name of or other identifying information about the person or persons responsible for providing this assistance;
  - (v) upon the request of the client, reasonable assistance with accessing community resources and social services available in the community, and the name of or other identifying information about the person or persons responsible for providing this assistance; and
  - (vi) periodic opportunities for socialization; and
- (9) makes available to all prospective and current assisted living clients information consistent with the uniform format and the required components adopted by the commissioner under section 144G.06. This information must be made available beginning no later than six months after the commissioner makes the uniform format and required components available to providers according to section 144G.06.

Sec. 18. Minnesota Statutes 2014, section 144G.03, subdivision 4, is amended to read:

**Subd. 4. Nursing assessment.** (a) A housing with services establishment offering or providing assisted living shall:

(1) offer to have the arranged home care provider conduct a nursing assessment by a registered nurse of the physical and cognitive needs of the prospective resident and propose a ~~service agreement~~ or service plan prior to the date on which a prospective resident executes a contract with a housing with services establishment or the date on which a prospective resident moves in, whichever is earlier; and

(2) inform the prospective resident of the availability of and contact information for long-term care consultation services under section 256B.0911, prior to the date on which a prospective resident executes a contract with a housing with services establishment or the date on which a prospective resident moves in, whichever is earlier.

(b) An arranged home care provider is not obligated to conduct a nursing assessment by a registered nurse when requested by a prospective resident if either the geographic distance between the prospective resident and the provider, or urgent or unexpected circumstances, do not permit the assessment to be conducted prior to the date on which the prospective resident executes a contract or moves in, whichever is earlier. When such circumstances occur, the arranged home care provider shall offer to conduct a telephone conference whenever reasonably possible.

(c) The arranged home care provider shall comply with applicable home care licensure requirements in chapter 144A, ~~and sections 148.171 to 148.285, and Minnesota Rules, chapter 4668,~~ with respect to the provision of a nursing assessment prior to the delivery of nursing services and the execution of a home care service plan or service agreement.

Sec. 19. Minnesota Statutes 2014, section 146B.01, subdivision 28, is amended to read:

Subd. 28. **Supervision.** "Supervision" means the physical presence of a technician licensed under this chapter while a body art procedure is being performed and includes:

(1) "direct supervision" where a licensed technician is physically present in the establishment, and is within five feet and is in the line of sight of the temporary licensee who is performing a body art procedure while the procedure is being performed; and

(2) "indirect supervision" where a licensed technician is physically present in the establishment while a body art procedure is being performed by the temporary licensee.

Sec. 20. Minnesota Statutes 2014, section 146B.03, subdivision 4, is amended to read:

Subd. 4. **Licensure requirements.** (a) An applicant for licensure under this section shall must submit to the commissioner on a form provided by the commissioner:

(1) proof that the applicant is over the age of 18;

(2) the type of license the applicant is applying for;

(3) all fees required under section 146B.10;

(4) proof of completing a minimum of 200 hours of supervised experience within each area for which the applicant is seeking a license, and must include an affidavit from the supervising licensed technician;

(5) proof of having satisfactorily completed coursework within the year preceding application and approved by the commissioner on bloodborne pathogens, the prevention of disease transmission, infection control, and aseptic technique. Courses to be considered for approval by the commissioner may include, but are not limited to, those administered by one of the following:

(i) the American Red Cross;

(ii) United States Occupational Safety and Health Administration (OSHA); or

(iii) the Alliance of Professional Tattooists; and

(6) any other relevant information requested by the commissioner.

The licensure requirements in this paragraph are effective for all applications for new licenses received before January 1, 2017.

(b) An applicant for licensure under this section must submit to the commissioner on a form provided by the commissioner:

(1) proof that the applicant is over the age of 18;

(2) the type of license the applicant is applying for;

(3) all fees required under section 146B.10;

(4) a log showing the completion of the required supervised experience described under subdivision 12 that includes a list of each licensed technician who provided the required supervision;

(5) a signed affidavit from each licensed technician who the applicant listed in the log described in clause (4);

(6) proof of having satisfactorily completed a minimum of five hours of coursework, within the year preceding application and approval by the commissioner, on bloodborne pathogens, the prevention of disease transmission, infection control, and aseptic technique. Courses to be considered for approval by the commissioner may include, but are not limited to, those administered by one of the following:

- (i) the American Red Cross;
  - (ii) the United States Occupational Safety and Health Administration (OSHA); or
  - (iii) the Alliance of Professional Tattooists; and
- (7) any other relevant information requested by the commissioner.

The licensure requirements in this paragraph are effective for all applications for new licenses received on or after January 1, 2017.

Sec. 21. Minnesota Statutes 2014, section 146B.03, subdivision 6, is amended to read:

**Subd. 6. Licensure term; renewal.** (a) A technician's license is valid for two years from the date of issuance and may be renewed upon payment of the renewal fee established under section 146B.10.

(b) At renewal, a licensee must submit proof of continuing education approved by the commissioner in the areas identified in subdivision 4, clause (5).

(c) The commissioner shall notify the technician of the pending expiration of a technician license at least 60 days prior to license expiration.

Sec. 22. Minnesota Statutes 2014, section 146B.03, subdivision 7, is amended to read:

**Subd. 7. Temporary licensure.** (a) The commissioner may issue a temporary license to an applicant who submits to the commissioner on a form provided by the commissioner:

(1) proof that the applicant is over the age of 18;

(2) all fees required under section 148B.10; and

(3) a letter from a licensed technician who has agreed to provide the supervision to meet the supervised experience requirement under subdivision 4, clause (4).

(b) Upon completion of the required supervised experience, the temporary licensee shall submit documentation of satisfactorily completing the requirements under subdivision 4, clauses (3) and (4), and the applicable fee under section 146B.10. The commissioner shall issue a new license in accordance with subdivision 4.

(c) A temporary license issued under this subdivision is valid for one year and may be renewed for one additional year.

Sec. 23. Minnesota Statutes 2014, section 146B.03, is amended by adding a subdivision to read:

**Subd. 12. Required supervised experience.** An applicant for a body art technician license must complete the following minimum supervised experience for licensure:

(1) for a tattoo technician license an applicant must complete a minimum of 200 hours of tattoo experience under supervision;

(2) for a body piercing technician license an applicant must perform 250 body piercings under direct supervision and 250 body piercings under indirect supervision; and

(3) for a dual body art technician license an applicant must complete a minimum of 200 hours of tattoo experience under supervision and perform 250 body piercings under direct supervision and 250 body piercings under indirect supervision.

Sec. 24. Minnesota Statutes 2014, section 146B.07, subdivision 1, is amended to read:

**Subdivision 1. Proof of age.** (a) A technician shall require proof of age from clients who state they are 18 years of age or older before performing any body art procedure on a client. Proof of age must be established by one of the following methods:

(1) a valid driver's license or identification card issued by the state of Minnesota or another state that includes a photograph and date of birth of the individual;

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

(3) a valid passport;

(4) a resident alien card; or

(5) a tribal identification card.

(b) Before performing any body art procedure, the technician must provide the client with a disclosure and authorization form that indicates whether the client has:

(1) diabetes;

(2) a history of hemophilia;

(3) a history of skin diseases, skin lesions, or skin sensitivities to soap or disinfectants;

(4) a history of epilepsy, seizures, fainting, or narcolepsy;

(5) any condition that requires the client to take medications such as anticoagulants that thin the blood or interfere with blood clotting; or

(6) any other information that would aid the technician in the body art procedure process evaluation.

(c) The form must include a statement informing the client that the technician shall not perform a body art procedure if the client fails to complete or sign the disclosure and authorization form, and the technician may decline to perform a body art procedure if the client has any identified health conditions.

(d) The technician shall ask the client to sign and date the disclosure and authorization form confirming that the information listed on the form is accurate.

(e) Before performing any body art procedure, the technician shall offer and make available to the client personal draping, as appropriate.

Sec. 25. Minnesota Statutes 2014, section 146B.07, subdivision 2, is amended to read:

**Subd. 2. Parent or legal guardian consent; prohibitions.** (a) A technician may perform body piercings on an individual under the age of 18 if:

(1) the individual's parent or legal guardian is present and;

(2) the individual's parent or legal guardian provides personal identification by using one of the methods described in subdivision 1, paragraph (a), clauses (1) to (5), and provides documentation that reasonably establishes that the individual is the parent or legal guardian of the individual who is seeking the body piercing;

(3) the individual seeking the body piercing provides proof of identification by using one of the methods described in subdivision 1, paragraph (a), clauses (1) to (5), a current student identification, or another official source that includes the name and a photograph of the individual;

(4) a consent form and the authorization form under subdivision 1, paragraph (b) is signed by the parent or legal guardian in the presence of the technician; and

(5) the piercing is not prohibited under paragraph (c).

(b) No technician shall tattoo any individual under the age of 18 regardless of parental or guardian consent.

(c) No nipple or genital piercing, branding, scarification, suspension, subdermal implantation, microdermal, or tongue bifurcation shall be performed by any technician on any individual under the age of 18 regardless of parental or guardian consent.

(d) No technician shall perform body art procedures on any individual who appears to be under the influence of alcohol, controlled substances as defined in section 152.01, subdivision 4, or hazardous substances as defined in rules adopted under chapter 182.

(e) No technician shall perform body art procedures while under the influence of alcohol, controlled substances as defined under section 152.01, subdivision 4, or hazardous substances as defined in the rules adopted under chapter 182.

(f) No technician shall administer anesthetic injections or other medications.

**Sec. 26. [147.0375] MEDICAL FACULTY LICENSE.**

**Subdivision 1. Requirements.** The board shall issue a license to practice medicine to any person who satisfies the requirements in paragraphs (a) to (d).

(a) The applicant must satisfy all the requirements established in section 147.02, subdivision 1, paragraphs (a), (e), (f), (g), and (h).

(b) The applicant must present evidence satisfactory to the board that the applicant is a graduate of a medical or osteopathic school approved by the board as equivalent to accredited United States or Canadian schools based upon its faculty, curriculum, facilities, accreditation, or other relevant data. If the applicant is a graduate of a medical or osteopathic program that is not accredited by the Liaison Committee for Medical Education or the American Osteopathic Association, the applicant may use the Federation of State Medical Boards' Federation Credentials Verification Service (FCVS) or its successor. If the applicant uses this service as allowed under this paragraph, the physician application fee may be less than \$200 but must not exceed the cost of administering this paragraph.

(c) The applicant must present evidence satisfactory to the board of the completion of two years of graduate, clinical medical training in a program located in the United States, its territories, or Canada and accredited by a national accrediting organization approved by the board. This requirement does not apply:

(1) to an applicant who is admitted as a permanent immigrant to the United States on or before October 1, 1991, as a person of exceptional ability in the sciences according to Code of Federal Regulations, title 20, section 656.22(d);

(2) to an applicant holding a valid license to practice medicine in another state or country and issued a permanent immigrant visa after October 1, 1991, as a person of extraordinary ability in the field of science or as an outstanding professor or researcher according to Code of Federal Regulations, title 8, section 204.5(h) and (i), or a temporary nonimmigrant visa or status as a person of extraordinary ability in the field of science according to Code of Federal Regulations, title 8, section 214.2(o); or

(3) to an applicant who is licensed in another state, has practiced five years without disciplinary action in the United States, its territories, or Canada, has completed one year of the graduate, clinical medical training required by this paragraph, and has passed the Special Purpose Examination of the Federation of State Medical Boards within three attempts in the 24 months before licensing.

(d) The applicant must present evidence satisfactory to the board that the applicant has been appointed to serve as a faculty member of a medical school accredited by the Liaison Committee of Medical Education or an osteopathic medical school accredited by the American Osteopathic Association.

**Subd. 2. Medical school review.** The board may contract with any qualified person or organization for the performance of a review or investigation, including site visits if necessary, of any medical or osteopathic school prior to approving the school under section 147.02, subdivision 1, paragraph (b), or subdivision 1, paragraph (b), of this section. To the extent possible, the board shall require the school being reviewed to pay the costs of the review or investigation.

**Subd. 3. Resignation or termination for the medical faculty position.** If a person holding a license issued under this section resigns or is terminated from the academic medical center in which the licensee is employed as a faculty member, the licensee must notify the board in writing no later than 30 days after the date of termination or resignation. Upon notification of resignation or termination, the board shall terminate the medical license.

**Subd. 4. Reporting obligation.** A person holding a license issued under this section is subject to the reporting obligations of section 147.111.

**Subd. 5. Limitation of practice.** A person issued a license under this section may only practice medicine within the clinical setting of the academic medical center where the licensee is an appointed faculty member or within a physician group practice affiliated with the academic medical center.

**Subd. 6. Continuing education.** The licensee must meet the continuing education requirements under Minnesota Rules, chapter 5605.

**Subd. 7. Expiration.** This section expires July 1, 2018.

Sec. 27. Minnesota Statutes 2014, section 152.22, subdivision 14, is amended to read:

Subd. 14. **Qualifying medical condition.** "Qualifying medical condition" means a diagnosis of any of the following conditions:

- (1) cancer, if the underlying condition or treatment produces one or more of the following:
  - (i) severe or chronic pain;
  - (ii) nausea or severe vomiting; or
  - (iii) cachexia or severe wasting;
- (2) glaucoma;
- (3) human immunodeficiency virus or acquired immune deficiency syndrome;
- (4) Tourette's syndrome;
- (5) amyotrophic lateral sclerosis;
- (6) seizures, including those characteristic of epilepsy;
- (7) severe and persistent muscle spasms, including those characteristic of multiple sclerosis;
- (8) inflammatory bowel disease, including Crohn's disease;
- (9) terminal illness, with a probable life expectancy of under one year, if the illness or its treatment produces one or more of the following:
  - (i) severe or chronic pain;
  - (ii) nausea or severe vomiting; or
  - (iii) cachexia or severe wasting; or
- (10) any other medical condition or its treatment approved by the commissioner.

Sec. 28. Minnesota Statutes 2014, section 152.25, subdivision 3, is amended to read:

Subd. 3. **Deadlines.** (a) The commissioner shall adopt rules necessary for the manufacturer to begin distribution of medical cannabis to patients under the registry program by July 1, 2015, and have notice of proposed rules published in the State Register prior to January 1, 2015.

(b) The commissioner shall, by November 1, 2014, advise the public and the cochairs of the task force on medical cannabis therapeutic research established under section 152.36 if the commissioner is unable to register two manufacturers by the December 1, 2014, deadline. The commissioner shall provide a written statement as to the reason or reasons the deadline will not be met. Upon request of the commissioner, the task force shall extend the deadline by six months, but may not extend the deadline more than once.

(c) If notified by a manufacturer that distribution to patients may not begin by the July 1, 2015, deadline, the commissioner shall advise the public and the cochairs of the task force on medical cannabis therapeutic research. Upon notification by the commissioner, the task force shall extend the deadline by six months, but may not extend the deadline more than once.

Sec. 29. Minnesota Statutes 2014, section 152.25, subdivision 4, is amended to read:

**Subd. 4. Reports.** (a) The commissioner shall provide regular updates to the task force and to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services, public safety, judiciary, and civil law on medical cannabis therapeutic research regarding any changes in federal law or regulatory restrictions regarding the use of medical cannabis.

(b) The commissioner may submit medical research based on the data collected under sections 152.22 to 152.37 to any federal agency with regulatory or enforcement authority over medical cannabis to demonstrate the effectiveness of medical cannabis for treating a qualifying medical condition.

Sec. 30. Minnesota Statutes 2014, section 152.29, subdivision 3, is amended to read:

**Subd. 3. Manufacturer; distribution.** (a) A manufacturer shall require that employees licensed as pharmacists pursuant to chapter 151 be the only employees to distribute give final approval for the distribution of medical cannabis to a patient.

(b) A manufacturer may dispense medical cannabis products, whether or not the products have been manufactured by the manufacturer, but is not required to dispense medical cannabis products.

(c) Prior to distribution of any medical cannabis, the manufacturer shall:

(1) verify that the manufacturer has received the registry verification from the commissioner for that individual patient;

(2) verify that the person requesting the distribution of medical cannabis is the patient, the patient's registered designated caregiver, or the patient's parent or legal guardian listed in the registry verification using the procedures described in section 152.11, subdivision 2d;

(3) assign a tracking number to any medical cannabis distributed from the manufacturer;

(4) ensure that any employee of the manufacturer licensed as a pharmacist pursuant to chapter 151 has consulted with the patient to determine the proper dosage for the individual patient after reviewing the ranges of chemical compositions of the medical cannabis and the ranges of proper dosages reported by the commissioner. For purposes of this clause, a consultation may be conducted remotely using a videoconference, so long as the employee providing the consultation is able to confirm the identity of the patient, the consultation occurs while the patient is at a distribution facility, and the consultation adheres to patient privacy requirements that apply to health care services delivered through telemedicine;

(5) properly package medical cannabis in compliance with the United States Poison Prevention Packing Act regarding child-resistant packaging and exemptions for packaging for elderly patients, and label distributed medical cannabis with a list of all active ingredients and individually identifying information, including:

(i) the patient's name and date of birth;

(ii) the name and date of birth of the patient's registered designated caregiver or, if listed on the registry verification, the name of the patient's parent or legal guardian, if applicable;

(iii) the patient's registry identification number;

(iv) the chemical composition of the medical cannabis; and

(v) the dosage; and

(6) ensure that the medical cannabis distributed contains a maximum of a 30-day supply of the dosage determined for that patient.

(d) A manufacturer shall require any employee of the manufacturer who is transporting medical cannabis or medical cannabis products to a distribution facility to carry identification showing that the person is an employee of the manufacturer.

Sec. 31. Minnesota Statutes 2014, section 152.29, is amended by adding a subdivision to read:

Subd. 3a. **Transportation of medical cannabis; staffing.** A medical cannabis manufacturer may staff a transport motor vehicle with only one employee if the medical cannabis manufacturer is transporting medical cannabis to either a certified laboratory for the purpose of testing or a facility for the purpose of disposal. If the medical cannabis manufacturer is transporting medical cannabis for any other purpose or destination, the transport motor vehicle must be staffed with a minimum of two employees as required by rules adopted by the commissioner.

Sec. 32. Minnesota Statutes 2014, section 152.36, is amended by adding a subdivision to read:

Subd. 1a. **Administration.** The commissioner of health shall provide administrative and technical support to the task force.

Sec. 33. Minnesota Statutes 2014, section 152.36, subdivision 2, is amended to read:

Subd. 2. **Impact assessment.** The task force shall hold hearings to conduct an assessment that evaluates evaluate the impact of the use of medical cannabis and evaluates Minnesota's activities and other states' activities involving medical cannabis, and offer analysis of including, but not limited to:

- (1) program design and implementation;
- (2) the impact on the health care provider community;
- (3) patient experiences;
- (4) the impact on the incidence of substance abuse;
- (5) access to and quality of medical cannabis and medical cannabis products;
- (6) the impact on law enforcement and prosecutions;
- (7) public awareness and perception; and
- (8) any unintended consequences.

Sec. 34. Minnesota Statutes 2014, section 153A.14, subdivision 2d, is amended to read:

Subd. 2d. **Certification renewal notice.** Certification must be renewed annually. The commissioner shall mail a renewal notice to the dispenser's last known address on record with the commissioner by September 1 of each year. The notice must include a renewal application and notice of fees required for renewal. A dispenser is not relieved from meeting the renewal deadline on the basis that the dispenser did not receive the renewal notice. In renewing a certificate, a dispenser shall follow the procedures for applying for a certificate specified in subdivision 1.

Sec. 35. Minnesota Statutes 2014, section 153A.14, subdivision 2h, is amended to read:

Subd. 2h. **Certification by examination.** An applicant must achieve a passing score, as determined by the commissioner, on an examination according to paragraphs (a) to (c).

(a) The examination must include, but is not limited to:

(1) A written examination approved by the commissioner covering the following areas as they pertain to hearing instrument selling:

- (i) basic physics of sound;
- (ii) the anatomy and physiology of the ear;
- (iii) the function of hearing instruments; and
- (iv) the principles of hearing instrument selection.

(2) Practical tests of proficiency in the following techniques as they pertain to hearing instrument selling:

- (i) pure tone audiometry, including air conduction testing and bone conduction testing;
- (ii) live voice or recorded voice speech audiometry including speech recognition (discrimination) testing, most comfortable loudness level, and uncomfortable loudness measurements of tolerance thresholds;
- (iii) masking when indicated;
- (iv) recording and evaluation of audiograms and speech audiometry to determine proper selection and fitting of a hearing instrument;
- (v) taking ear mold impressions;
- (vi) using an otoscope for the visual observation of the entire ear canal; and
- (vii) state and federal laws, rules, and regulations.

(b) The practical examination shall be administered by the commissioner at least twice a year.

(c) An applicant must achieve a passing score on all portions of the examination within a two-year period. An applicant who does not achieve a passing score on all portions of the examination within a two-year period must retake the entire examination and achieve a passing score on each portion of the examination. An applicant who does not apply for certification within one year of successful completion of the examination must retake the examination and achieve a passing score on each portion of the examination. An applicant may not take any part of the practical examination more than three times in a two-year period.

Sec. 36. Minnesota Statutes 2014, section 153A.15, subdivision 2a, is amended to read:

Subd. 2a. **Hearings.** If the commissioner proposes to take action against the dispenser as described in subdivision 2, the commissioner must first notify the person against whom the action is proposed to be taken and provide the person with an opportunity to request a hearing under the contested case provisions of chapter 14. Service of a notice of disciplinary action may be made personally or by certified mail, return receipt requested. If the person does not request a hearing by

notifying the commissioner within 30 days after service of the notice of the proposed action, the commissioner may proceed with the action without a hearing.

Sec. 37. Minnesota Statutes 2014, section 157.15, subdivision 14, is amended to read:

**Subd. 14. Special event food stand.** "Special event food stand" means a food and beverage service establishment which is used in conjunction with celebrations and special events, and which operates ~~no more than three times annually for no more than ten total days within the applicable license period.~~

Sec. 38. Minnesota Statutes 2014, section 157.16, subdivision 4, is amended to read:

**Subd. 4. Posting requirements.** Every food and beverage service establishment, for-profit youth camp, hotel, motel, lodging establishment, public pool, or resort must have the original license posted in a conspicuous place at the establishment. ~~Mobile food units, food carts, and seasonal temporary food stands shall be issued decals with the initial license and each calendar year with license renewals. The current license year decal must be placed on the unit or stand in a location determined by the commissioner. Decals are not transferable.~~

**Sec. 39. RESIDENTIAL CARE AND SERVICES ELECTRONIC MONITORING WORK GROUP.**

(a) A residential care and services electronic monitoring work group is established to create recommendations for legislation that authorizes the use of voluntary electronic monitoring to protect vulnerable children and adults and hold accountable perpetrators of abuse.

(b) Members of the work group shall include:

(1) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader;

(2) two members of the senate, one appointed by the majority leader and one appointed by the minority leader;

(3) the commissioner of health or a designee;

(4) the commissioner of human services or a designee;

(5) one representative of consumers or victims;

(6) the ombudsman for long-term care established under Minnesota Statutes, section 256.974;

(7) one representative from Care Providers of Minnesota;

(8) one representative from LeadingAge Minnesota;

(9) one representative from the Minnesota Home Care Association;

(10) one representative from the Minnesota chapter of AARP;

(11) one representative of a nonprofit organization with a focus on Alzheimer's disease;

(12) one representative of county attorneys;

(13) one representative with legal expertise on medical privacy; and

(14) one representative of direct-care workers.

The commissioner of health shall appoint the work group chair and convene its first meeting no later than July 1, 2016.

(c) The work group shall be exempt from the appointment requirements in Minnesota Statutes, section 15.0597.

(d) The work group may accept donated services from a nonprofit organization that prevents abuse, neglect, and financial exploitation of vulnerable adults.

(e) Work group members shall serve without compensation or expense reimbursement.

(f) The work group shall issue a report to the chairs and ranking minority members of the legislative committees with jurisdiction over civil law, judiciary, and health and human services by January 15, 2017.

(g) The work group expires 30 days following the completion of the work required by this section.

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

**Sec. 40. APPROPRIATION.**

\$24,000 is appropriated in fiscal year 2017 from the general fund to the commissioner of health to administer the task force on medical cannabis therapeutic research under Minnesota Statutes, section 152.36, and for the task force to conduct the impact assessment on the use of cannabis for medicinal purposes.

**Sec. 41. APPROPRIATION CANCELLATION.**

Effective July 1, 2016, the appropriation in Laws 2014, chapter 311, section 21, subdivision 2, of \$24,000 to the Legislative Coordinating Commission is canceled to the general fund."

Delete the title and insert:

"A bill for an act relating to health; requiring a health carrier to update its Web site; amending provisions for the all-payer claims data, statewide trauma system, home care, assisted living, body art, hearing instrument dispensers, and food, beverage, and lodging establishments; directing activities for response to the Zika virus; adopting requirements for a medical faculty license; changing provisions in the medical cannabis program; establishing a residential care and services electronic monitoring work group; appropriating money and canceling a specific appropriation; amending Minnesota Statutes 2014, sections 144.605, subdivision 5; 144.608, subdivision 1; 144A.471, subdivision 9; 144A.473, subdivision 2; 144A.475, subdivisions 3, 3b, by adding a subdivision; 144A.4791, by adding a subdivision; 144A.4792, subdivision 13; 144A.4799, subdivisions 1, 3; 144A.482; 144D.01, subdivision 2a; 144G.03, subdivisions 2, 4; 146B.01, subdivision 28; 146B.03, subdivisions 4, 6, 7, by adding a subdivision; 146B.07, subdivisions 1, 2; 152.22, subdivision 14; 152.25, subdivisions 3, 4; 152.29, subdivision 3, by adding a subdivision; 152.36, subdivision 2, by adding a subdivision; 153A.14, subdivisions 2d, 2h; 153A.15, subdivision 2a; 157.15, subdivision 14; 157.16, subdivision 4; Minnesota Statutes 2015 Supplement, section 62U.04, subdivision 11; proposing coding for new law in Minnesota Statutes, chapters 62K; 144; 147."

We request the adoption of this report and repassage of the bill.

House Conferees: Nick Zerwas, Tara Mack, Peter Fischer

Senate Conferees: Kathy Sheran, John Marty, Jim Abeler

Senator Sheran moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3142 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3142 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 43 and nays 18, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Jensen	Nienow	Skoe
Bakk	Eken	Johnson	Pappas	Sparks
Bonoff	Fischbach	Kent	Reinert	Stumpf
Carlson	Franzen	Koenen	Rest	Tomassoni
Champion	Goodwin	Latz	Saxhaug	Torres Ray
Clausen	Hall	Loureys	Scalze	Wiger
Cohen	Hawj	Marty	Schmit	Wiklund
Dahle	Hayden	Miller	Senjem	
Dibble	Housley	Nelson	Sheran	

Those who voted in the negative were:

Anderson	Dahms	Kiffmeyer	Pederson	Thompson
Benson	Gazelka	Limmer	Pratt	Weber
Brown	Hann	Ortman	Rosen	
Chamberlain	Ingebrigtsen	Osmek	Ruud	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## RECONSIDERATION

Having voted on the prevailing side, Senator Bakk moved that the vote whereby H.F. No. 3142 was passed by the Senate on May 22, 2016, be now reconsidered. The motion prevailed. So the vote was reconsidered.

H.F. No. 3142 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 44 and nays 19, as follows:

Those who voted in the affirmative were:

Abeler	Dahle	Goodwin	Latz	Pappas
Bakk	Dibble	Hawj	Loureys	Reinert
Bonoff	Dziedzic	Hayden	Marty	Rest
Carlson	Eaton	Housley	Miller	Saxhaug
Champion	Eken	Jensen	Nelson	Scalze
Clausen	Fischbach	Kent	Newman	Schmit
Cohen	Franzen	Koenen	Nienow	Senjem

Sheran  
Sieben

Skoe  
Sparks

Stumpf  
Tomassoni

Torres Ray  
Wiger

Wiklund

Those who voted in the negative were:

Anderson  
Benson  
Brown  
Chamberlain

Dahms  
Gazelka  
Hall  
Hann

Ingebrigtsen  
Kiffmeyer  
Limmer  
Ortman

Osmek  
Pederson  
Pratt  
Rosen

Ruud  
Thompson  
Weber

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Madam President:

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

**S.F. No. 877:** A bill for an act relating to utilities; providing assessment authority; establishing requirements relating to crossing railroad rights-of-way by utilities; amending Minnesota Statutes 2014, section 216B.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

Senate File No. 877 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 22, 2016

### CONCURRENCE AND REPASSAGE

Senator Sparks moved that the Senate concur in the amendments by the House to S.F. No. 877 and that the bill be placed on its repassage as amended. The motion prevailed.

**S.F. No. 877:** A bill for an act relating to utilities; establishing requirements relating to crossing railroad rights-of-way by utilities; appropriating money; amending Minnesota Statutes 2014, section 216B.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

Was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler  
Anderson  
Bakk  
Benson  
Bonoff  
Brown  
Carlson  
Chamberlain  
Champion  
Clausen

Cohen  
Dahle  
Dahms  
Dibble  
Dziedzic  
Eaton  
Eken  
Fischbach  
Franzen  
Gazelka

Goodwin  
Hall  
Hann  
Hawj  
Hayden  
Hoffman  
Housley  
Ingebrigtsen  
Jensen  
Kent

Kiffmeyer  
Koenen  
Latz  
Limmer  
Lourey  
Marty  
Miller  
Nelson  
Newman  
Nienow

Ortman  
Osmek  
Pappas  
Pederson  
Pratt  
Reinert  
Rest  
Rosen  
Ruud  
Saxhaug

Scalze  
Schmit  
Senjem

Sheran  
Sieben  
Skoe

Sparks  
Stumpf  
Thompson

Tomassoni  
Torres Ray  
Weber

Westrom  
Wiger  
Wiklund

So the bill, as amended, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### 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. 3353, 3333 and 3211.

### SPECIAL ORDER

**H.F. No. 3353:** A bill for an act relating to agriculture; establishing voluntary solar site management practices for solar sites; proposing coding for new law in Minnesota Statutes, chapter 216B.

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 62 and nays 2, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Kent	Pappas	Skoe
Bakk	Fischbach	Kiffmeyer	Pederson	Sparks
Benson	Franzen	Koenen	Pratt	Stumpf
Bonoff	Gazelka	Latz	Reinert	Thompson
Carlson	Goodwin	Limmer	Rest	Tomassoni
Chamberlain	Hall	Loureys	Rosen	Torres Ray
Champion	Hann	Marty	Ruud	Weber
Clausen	Hawj	Miller	Saxhaug	Westrom
Cohen	Hayden	Nelson	Scalze	Wiger
Dahle	Hoffman	Newman	Schmit	Wiklund
Dibble	Housley	Nienow	Senjem	
Dziedzic	Ingebrigtsen	Ortman	Sheran	
Eaton	Jensen	Osmek	Sieben	

Those who voted in the negative were:

Anderson                    Brown

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 3333:** A bill for an act relating to health; modifying the schedules of controlled substances; amending Minnesota Statutes 2015 Supplement, section 152.02, subdivisions 2, 5.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Housley	Nienow	Senjem
Anderson	Dziedzic	Ingebrigtsen	Ortman	Sheran
Bakk	Eaton	Jensen	Osmek	Sieben
Benson	Eken	Kent	Pappas	Skoe
Bonoff	Fischbach	Kiffmeyer	Pederson	Sparks
Brown	Franzen	Koenen	Pratt	Stumpf
Carlson	Gazelka	Latz	Reinert	Thompson
Chamberlain	Goodwin	Limmer	Rest	Tomassoni
Champion	Hall	Loureys	Rosen	Torres Ray
Clausen	Hann	Marty	Ruud	Weber
Cohen	Hawj	Miller	Saxhaug	Westrom
Dahle	Hayden	Nelson	Scalze	Wiger
Dahms	Hoffman	Newman	Schmit	Wiklund

So the bill passed and its title was agreed to.

## RECESS

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

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

## CALL OF THE SENATE

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

## MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 588

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 22, 2016

Madam President:

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

**S.F. No. 2759:** A bill for an act relating to game and fish; modifying penalties for gross overlimits; providing criminal penalties; amending Minnesota Statutes 2014, sections 97A.201,

subdivision 2, by adding a subdivision; 97A.301, subdivision 1; 97A.338; 97A.420, subdivision 1; 97A.421, subdivision 2a.

Senate File No. 2759 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2016

Senator Schmit moved that the Senate do not concur in the amendments by the House to S.F. No. 2759, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

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

Senator Goodwin moved that the name of Senator Clausen be added as a co-author to S.F. No. 1416. The motion prevailed.

**Senators Bakk and Hann introduced –**

**Senate Resolution No. 324:**

A Senate resolution relating to conduct of Senate business during the interim between Sessions.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The powers, duties, and procedures set forth in this resolution apply during the interim between the adjournment sine die of the 89th Legislature, 2016 Session, and the convening of the 90th Legislature, 2017 Session.

The Committee on Rules and Administration may, from time to time, assign to the various committees and subcommittees of the Senate, in the interim, matters brought to its attention by any member of the Senate for study and investigation. The standing committees and subcommittees may study and investigate all subjects that come within their usual jurisdiction, as provided by Minnesota Statutes, Section 3.921. A committee shall carry on its work by subcommittee or by committee action as the committee from time to time determines. Any study undertaken by any of the standing committees, or any subcommittee thereof, shall be coordinated to the greatest extent possible with other standing committees or subcommittees of the Senate and House of Representatives, and may, if the committee or subcommittee so determines, be carried on jointly with another committee or subcommittee of the Senate or House of Representatives.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise. The Subcommittee on Committees may appoint members of the Senate to assist in the work of any committee.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees, and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Committee on Rules and Administration may authorize members of the Senate and personnel employed by the Senate to travel and to attend courses of instruction or conferences for the purpose of improving and making more efficient Senate operation and may reimburse these persons for the costs thereof out of monies appropriated to the Senate.

All members of activated standing committees or subcommittees of the Senate, and staff, shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties during the interim in the manner provided by law. Payment shall be made by the Secretary of the Senate out of monies appropriated to the Senate for the standing committees. The Committee on Rules and Administration shall determine the amount and manner of reimbursement for living and other expenses of each member of the Senate incurred in the performance of Senate duties when the Legislature is not in regular session.

The Secretary of the Senate shall continue to perform her duties during the interim. During the interim, but not including time which may be spent in any special session, the Secretary of the Senate shall be paid for services rendered the Senate at the rate established for her position for the 2016 regular session, unless otherwise directed by the Committee on Rules and Administration, plus travel and subsistence expense incurred incidental to her Senate duties, including salary and travel expense incurred in attending meetings of the National Conference of State Legislatures.

Should a vacancy occur in the position of Secretary of the Senate, by resignation or other causes, the Committee on Rules and Administration shall appoint an acting Secretary of the Senate who shall serve in that capacity during the remainder of the interim under the provisions herein specified.

The Secretary of the Senate is authorized to employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 2016 regular session. The Secretary of the Senate is authorized to employ the necessary employees to prepare for the 2017 session at the salaries in effect at that time.

The Secretary of the Senate shall classify as eligible for benefits under Minnesota Statutes, Sections 3.095 and 43A.24, those Senate employees heretofore or hereafter certified as eligible for benefits by the Committee on Rules and Administration.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and upon proper verification of the expenses incurred, shall reimburse each member for expenses as authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 89th Legislature. The Secretary of the Senate may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after adjournment sine die.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the bills and binding of the permanent

Senate Journal, shall secure bids and enter into contracts for remodeling, improvement and furnishing of Senate office space, conference rooms and the Senate Chamber and shall purchase all supplies, equipment and other goods and services necessary to carry out the work of the Senate. Any contracts in excess of \$10,000 shall be approved by the Chair of the Committee on Rules and Administration and another member designated by the chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts herein referred to.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate shall be reserved for use by the Senate and its standing committees only and shall not be released or used for any other purpose except upon authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration, or the Chair thereof.

The commissioner of administration shall continue to provide parking space through the Secretary of the Senate for members and staff of the Minnesota State Senate. The Secretary of the Senate may deduct from the check of any legislator or legislative employee a sum adequate to cover the exercise of the parking privilege herein defined in conformity with the practice of the Department of Administration.

Senator Bakk moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Nienow	Senjem
Anderson	Eaton	Jensen	Ortman	Sheran
Bakk	Eken	Kent	Osmek	Skoe
Benson	Fischbach	Kiffmeyer	Pappas	Sparks
Bonoff	Franzen	Koenen	Pederson	Thompson
Brown	Gazelka	Latz	Pratt	Torres Ray
Carlson	Goodwin	Limmer	Reinert	Weber
Chamberlain	Hall	Loureys	Rest	Wiger
Champion	Hann	Marty	Rosen	Wiklund
Clausen	Hawj	Metzen	Ruud	
Dahle	Hayden	Miller	Saxhaug	
Dahms	Hoffman	Nelson	Scalze	
Dibble	Housley	Newman	Schmit	

The motion prevailed. So the resolution was adopted.

**Senators Bakk and Hann introduced –**

**Senate Concurrent Resolution No. 12:**

A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

WHEREAS, the Minnesota Constitution, Article IV, Section 23, authorizes the presentation to the Governor after sine die adjournment of bills that passed in the last three days of the Session; NOW, THEREFORE,

BE IT RESOLVED, by the Senate of the State of Minnesota, the House of Representatives concurring, that upon adjournment sine die of the 89th regular session of the Legislature, bills must be presented to the Governor as follows:

(a) The Speaker of the House of Representatives, the Chief Clerk of the House of Representatives, the President of the Senate, and the Secretary of the Senate shall certify and sign each bill in the same manner and upon the same certification as each bill is signed for presentation to the Governor before adjournment sine die, and each of those officers shall continue in their designated capacity during the three days following the date of final adjournment.

(b) The Chief Clerk of the House of Representatives and the Secretary of the Senate, in accordance with the rules of the respective bodies and under the supervision and direction of the standing Committee on Rules and Legislative Administration and the standing Committee on Rules and Administration, shall carefully enroll each bill and present it to the Governor in the same manner as each bill is enrolled and presented to the Governor before adjournment of the Legislature sine die.

(c) The Revisor of Statutes shall continue to assist in all of the functions relating to enrollment of bills of the House of Representatives and of the Senate under the supervision of the Chief Clerk of the House of Representatives and the Secretary of the Senate in the same manner that the assistance was rendered before adjournment of the Legislature sine die.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to deliver copies of this resolution to the Governor and the Secretary of State.

Senator Bakk moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

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

S.F. No. 3018 and the Conference Committee Report thereon were reported to the Senate.

#### **CONFERENCE COMMITTEE REPORT ON S.F. NO. 3018**

A bill for an act relating to agriculture; making various policy and technical changes to agricultural-related provisions; modifying certain agricultural-related appropriations; amending Minnesota Statutes 2014, sections 17.53, subdivision 16; 18B.345; 28A.085, subdivision 1; 31.122; 31.94; Minnesota Statutes 2015 Supplement, sections 41A.14; 583.215; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 216B; repealing Laws 2015, First Special Session chapter 4, article 2, section 81.

May 22, 2016

The Honorable Sandra L. Pappas  
President of the Senate

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3018 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 3018 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2014, section 3.7371, is amended by adding a subdivision to read:

Subd. 8. Report. The commissioner must submit a report to the chairs of the house of representatives and senate committees and divisions with jurisdiction over agriculture and environment and natural resources by December 15 each year that details the total amount of damages paid, by elk herd, in the previous two fiscal years.

Sec. 2. Minnesota Statutes 2014, section 17.53, subdivision 16, is amended to read:

Subd. 16. Qualified voter. "Qualified voter" means a producer who would be subject to the payment of fees to finance the activities described in sections 17.51 to 17.69 and who shares directly in the profits and risk of loss from the agricultural operation which produces or grows the commodity, regardless of the Internal Revenue Service tax filing status of the producer.

Sec. 3. Minnesota Statutes 2014, section 18B.345, is amended to read:

#### **18B.345 PESTICIDE APPLICATION ON GOLF COURSES.**

(a) Application of a pesticide to the property of a golf course must be performed by:

(1) a structural pest control applicator; or

(2) a commercial or noncommercial pesticide applicator ~~with appropriate use certification~~.

(b) Pesticides determined by the commissioner to be sanitizers and disinfectants are exempt from the requirements in paragraph (a).

Sec. 4. Minnesota Statutes 2014, section 28A.085, subdivision 1, is amended to read:

**Subdivision 1. Violations; prohibited acts.** The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters; or

~~(2) is found with a violation of section 31.02, 31.161, or 31.165, and requires a follow-up inspection after an administrative meeting held pursuant to section 34A.06; or~~

~~(3)~~ (2) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, 32, or 34.

The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at \$150. The fee for a firm with gross food sales over \$1,000,000 is \$200. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or \$300, whichever is greater. The establishment must be issued written notice of violations with a

reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 5. Minnesota Statutes 2014, section 31.122, is amended to read:

**31.122 FOOD; TOLERANCES FOR ADDED POISONOUS INGREDIENTS.**

Any added poisonous or deleterious substance, any food additive, any pesticide chemical in or on a raw agricultural commodity or any color additive, shall with respect to any particular use or intended use be deemed unsafe for the purpose of application of section 31.121, clause (b) 34A.02, clause (2), with respect to any food, unless there is in effect a rule pursuant to section 31.101 limiting the quantity of such substance, and the use or intended use of such substance conforms to the terms prescribed by such rule. While such rules relating to such substance are in effect, a food shall not, by reason of bearing or containing such substance in accordance with the rules, be considered adulterated within the meaning of section 31.121, clause (a) 34A.02, clause (1).

Sec. 6. Minnesota Statutes 2014, section 31.94, is amended to read:

**31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.**

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota and other research and education institutions to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how about state or federal programs could utilize and that support organic agriculture practices; and

(5) work closely with producers, producer organizations, the University of Minnesota, the Minnesota Trade Office, and other appropriate agencies and organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture community sector. The task force must consist of the following residents of the state:

- (1) three organic farmers;
- (2) one wholesaler or distributor of organic products;
- (3) one representative of organic certification agencies;
- (4) two organic processors;
- (5) one representative from University of Minnesota Extension;
- (6) one University of Minnesota faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) two public members;
- (9) one representative from the United States Department of Agriculture;
- (10) one retailer of organic products; and
- (11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, 2016 2019.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and accredited certification agents agencies operating within the state.

Sec. 7. Minnesota Statutes 2015 Supplement, section 41A.14, is amended to read:

**41A.14 AGRICULTURE RESEARCH, EDUCATION, EXTENSION, AND TECHNOLOGY TRANSFER GRANT PROGRAM.**

**Subdivision 1. Duties; grants.** The agriculture research, education, extension, and technology transfer grant program is created. The purpose of the grant program is to provide investments that will most efficiently achieve long-term agricultural productivity increases through improved infrastructure, vision, and accountability. The scope and intent of the grants, to the extent possible, shall provide for a long-term base funding that allows the research grantee to continue the functions of the research, education, and extension, and technology transfer efforts to a practical conclusion. Priority for grants shall be given to human infrastructure. The commissioner shall provide grants for:

(1) agricultural research, extension, and technology transfer needs and recipients including agricultural research and extension at the University of Minnesota, research and outreach centers, the College of Food, Agricultural and Natural Resource Sciences, the Minnesota Agricultural Experiment Station, University of Minnesota Extension Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer Research and Education Council; for use by any of the following:

- (i) the College of Food, Agricultural and Natural Resource Sciences;
- (ii) the Minnesota Agricultural Experiment Station;
- (iii) the University of Minnesota Extension Service;
- (iv) the University of Minnesota Veterinary School;
- (v) the Veterinary Diagnostic Laboratory; or
- (vi) the Stakman-Borlaug Center;

(2) agriculture rapid response for plant and animal diseases and pests; and

(3) agricultural education including but not limited to the Minnesota Agriculture Education Leadership Council, farm business management, mentoring programs, graduate debt forgiveness, and high school programs.

Subd. 2. **Advisory panel.** (a) In awarding grants under this section, the commissioner and a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota must consult with an advisory panel consisting of the following stakeholders:

(1) a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota;

(2) a representative of the Minnesota State Colleges and Universities system;

(3) a representative of the Minnesota Farm Bureau;

(4) a representative of the Minnesota Farmers Union;

(5) a person representing agriculture industry statewide;

(6) a representative of each of the state commodity councils organized under section 17.54 and the Minnesota Pork Board;

(7) a person representing an association of primary manufacturers of forest products;

(8) a person representing organic or sustainable agriculture; and

(9) a person representing statewide environment and natural resource conservation organizations.

(b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their respective organizations.

Subd. 3. **Account.** An agriculture research, education, extension, and technology transfer account is created in the agricultural fund in the state treasury. The account consists of money received in the form of gifts, grants, reimbursement, or appropriations from any source for any of

the purposes provided in subdivision 1, and any interest or earnings of the account. Money in the account is appropriated to the commissioner of agriculture for the purposes under subdivision 1.

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

Sec. 8. Minnesota Statutes 2014, section 97B.516, is amended to read:

**97B.516 ELK MANAGEMENT PLAN.**

(a) The commissioner of natural resources must adopt an elk management plan that:

- (1) recognizes the value and uniqueness of elk;
- (2) provides for integrated management of an elk population in harmony with the environment; and
- (3) affords optimum recreational opportunities.

(b) Notwithstanding paragraph (a), the commissioner must not manage an elk herd in a manner that would increase the size of the herd, including adoption or implementation of an elk management plan designed to increase an elk herd, unless the commissioner of agriculture verifies that crop and fence damages paid under section 3.7371 and attributed to the herd have not increased for at least two years.

(c) At least 60 days prior to implementing a plan to increase an elk herd, the commissioners of natural resources and agriculture must hold a joint public meeting in the county where the elk herd to be increased is located. At the meeting, the commissioners must present evidence that crop and fence damages have not increased in the prior two years and must detail the practices that will be used to reduce elk conflicts with area landowners.

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

Sec. 9. **[216B.1642] SOLAR SITE MANAGEMENT.**

Subdivision 1. **Site management practices.** An owner of a ground-mounted solar site with a generating capacity of more than 40 kilowatts may follow site management practices that (1) provide native perennial vegetation and foraging habitat beneficial to gamebirds, songbirds, and pollinators, and (2) reduce storm water runoff and erosion at the solar generation site. To the extent practicable, when establishing perennial vegetation and beneficial foraging habitat, a solar site owner shall use native plant species and seed mixes under Department of Natural Resources "Prairie Establishment & Maintenance Technical Guidance for Solar Projects."

Subd. 2. **Recognition of beneficial habitat.** An owner of a solar site implementing solar site management practices under this section may claim that the site provides benefits to gamebirds, songbirds, and pollinators only if the site adheres to guidance set forth by the pollinator plan provided by the Board of Water and Soil Resources or any other gamebird, songbird, or pollinator foraging-friendly vegetation standard established by the Board of Water and Soil Resources. An owner making a beneficial habitat claim must make the site's vegetation management plan available to the public and provide a copy of the plan to a Minnesota nonprofit solar industry trade association.

Sec. 10. Minnesota Statutes 2015 Supplement, section 583.215, is amended to read:

**583.215 EXPIRATION.**

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2016~~ 2018.

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

Sec. 11. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, is amended to read:

**Subd. 4. Agriculture, Bioenergy, and Bioproduct  
Advancement**

14,993,000 19,010,000

\$4,483,000 the first year and \$8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes money for plant breeders at the University of Minnesota for wild rice, potatoes, and grapes. Of these amounts, at least \$600,000 each year is for ~~agriculture rapid response~~ the Minnesota Agricultural Experiment Station's Agriculture Rapid Response Fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, \$1,000,000 each year is for transfer to the Board of Regents of the University of Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, \$2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. ~~The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14.~~

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14,

subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$10,235,000 the first year and \$10,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered

under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, 2019.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each

of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$500,000 in fiscal year 2016 and \$1,500,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

\$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local

food producers and processors with potential buyers.

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

**Sec. 12. FARMER-LENDER MEDIATION TASK FORCE.**

The commissioner of agriculture must convene an advisory task force to provide recommendations to the legislature regarding the state's Farmer-Lender Mediation Act. The task force must be comprised of 14 members, including the commissioner or the commissioner's designee, one farm advocate appointed by the commissioner who is responsible for mediating debt between farmers and lenders, one adult farm business management instructor appointed by the commissioner and three farmers appointed by the commissioner, at least one of whom is a beginning or nontraditional farmer and at least one of whom has personal experience with the farmer-lender mediation program. The remaining membership of the task force consists of one member appointed by each of the following entities:

- (1) Minnesota Farm Bureau;
- (2) Minnesota Farmers Union;
- (3) Minnesota Bankers Association;
- (4) Independent Community Bankers of Minnesota;
- (5) Farm Credit Services - Minnesota State Federation;
- (6) Minnesota Credit Union Network;
- (7) Minnesota-South Dakota Equipment Dealers Association; and
- (8) University of Minnesota Extension.

No later than February 1, 2017, the commissioner must report the task force's recommendations to the legislative committees with jurisdiction over agriculture policy and finance.

**Sec. 13. FARM SAFETY INITIATIVE.**

(a) The commissioner of agriculture shall analyze the range of safety challenges presented in the operation of a farm. The commissioner's analysis shall include consultation with organizations in Minnesota that address issues of farm safety. The commissioner shall report the findings to the legislative committees with jurisdiction over agricultural policy by February 1, 2017. The report must, at a minimum:

- (1) provide information on how other states in the Midwest, including but not limited to Wisconsin, Iowa, and Nebraska, address farm safety issues;
- (2) identify common safety issues faced by Minnesota farmers that need attention, including common causes of farm-related accidents;
- (3) identify how farm safety programs can better serve the growing farm labor population; and
- (4) make recommendations to the legislature on how to improve farm safety efforts in Minnesota.

(b) By October 1, 2016, the commissioner of agriculture shall compile an inventory of farm safety programs and resources that are currently available in Minnesota. After compiling the inventory, the commissioner shall make available the inventory and promote to farm operators in Minnesota the farm safety programs and resources contained in the inventory.

Sec. 14. **REPEALER.**

Laws 2015, First Special Session chapter 4, article 2, section 81, is repealed.

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

Delete the title and insert:

"A bill for an act relating to agriculture; making various policy and technical changes to agriculture-related provisions and programs; providing for solar site management; modifying elk management plan; modifying a previous appropriation; establishing a Farmer-Lender Mediation Task Force and a Farm Safety Initiative; requiring reports; amending Minnesota Statutes 2014, sections 3.7371, by adding a subdivision; 17.53, subdivision 16; 18B.345; 28A.085, subdivision 1; 31.122; 31.94; 97B.516; Minnesota Statutes 2015 Supplement, sections 41A.14; 583.215; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 216B; repealing Laws 2015, First Special Session chapter 4, article 2, section 81."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Dan Sparks, Gary H. Dahms, Kent Eken

House Conferees: Paul Anderson, Rod Hamilton, Jeanne Poppe

Senator Sparks moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3018 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 3018 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Newman	Schmit
Anderson	Eaton	Jensen	Nienow	Senjem
Bakk	Eken	Johnson	Ortman	Sheran
Benson	Fischbach	Kent	Osmek	Skoe
Bonoff	Franzen	Kiffmeyer	Pappas	Sparks
Brown	Gazelka	Koenen	Pederson	Thompson
Carlson	Goodwin	Latz	Pratt	Torres Ray
Chamberlain	Hall	Limmer	Reinert	Weber
Champion	Hann	Loureys	Rest	Wiger
Clausen	Hawj	Marty	Rosen	Wiklund
Dahle	Hayden	Metzen	Ruud	
Dahms	Hoffman	Miller	Saxhaug	
Dibble	Housley	Nelson	Scalze	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**SPECIAL ORDER**

**H.F. No. 3211:** A bill for an act relating to pari-mutuel horse racing; authorizing advance deposit wagering; providing for horse-racing revenue; appropriating money; amending Minnesota Statutes 2014, sections 240.08, subdivision 1; 240.13, subdivision 4; 240.15, subdivision 2; 240.25, subdivision 1; Minnesota Statutes 2015 Supplement, sections 240.01, by adding subdivisions; 240.08, subdivision 2; 240.10; 240.15, subdivisions 1, 6; 240.22; proposing coding for new law in Minnesota Statutes, chapter 240.

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 35 and nays 29, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Jensen	Pappas	Sheran
Bonoff	Eaton	Johnson	Pratt	Sieben
Carlson	Fischbach	Kent	Reinert	Sparks
Champion	Franzen	Latz	Rosen	Torres Ray
Clausen	Hawj	Metzen	Saxhaug	Weber
Dahle	Hayden	Miller	Schmit	Wiger
Dibble	Housley	Nelson	Senjem	Wiklund

Those who voted in the negative were:

Abeler	Eken	Ingebrigtsen	Newman	Ruud
Anderson	Gazelka	Kiffmeyer	Nienow	Scalze
Benson	Goodwin	Koenen	Ortman	Skoe
Brown	Hall	Limmer	Osmek	Thompson
Chamberlain	Hann	Loureys	Pederson	Westrom
Dahms	Hoffman	Marty	Rest	

So the bill passed and its title was agreed to.

**RECESS**

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

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

**CALL OF THE SENATE**

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

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 12.5, Senator Stumpf moved that the following members be excused for a Conference Committee on H.F. No. 748 at 8:00 p.m.:

Senators Stumpf, Tomassoni, Senjem, Sieben and Hayden. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and Introduction and First Reading of Senate Bills.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1440, and repassed said bill in accordance with the report of the Committee, so adopted.

**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.

Senate File No. 1440 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 22, 2016

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 3018, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 3018:** A bill for an act relating to agriculture; making various policy and technical changes to agricultural-related provisions; modifying certain agricultural-related appropriations; amending Minnesota Statutes 2014, sections 17.53, subdivision 16; 18B.345; 28A.085, subdivision 1; 31.122; 31.94; Minnesota Statutes 2015 Supplement, sections 41A.14; 583.215; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 216B; repealing Laws 2015, First Special Session chapter 4, article 2, section 81.

Senate File No. 3018 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 22, 2016

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time.

**Senators Eaton, Dibble and Scalze introduced—**

**S.F. No. 3636:** A bill for an act relating to mining; modifying responsibilities for mining promotion in the state; amending Minnesota Statutes 2014, sections 93.001; 93.0015, subdivisions 1, 2, 3; 93.15, subdivisions 1, 2; 93.2235, subdivision 1; 93.2236; 93.285, subdivisions 2, 3; 93.44.

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

**Senator Hann introduced—**

**S.F. No. 3637:** A bill for an act relating to employment; authorizing family and medical leave savings accounts; providing tax deductions for amounts deposited in family and medical leave savings accounts; exempting amounts deposited from state withholding taxes; providing a family and medical leave savings account tax credit; authorizing grants to small business development centers; appropriating money; amending Minnesota Statutes 2014, sections 290.01, subdivision 19b; 290.06, subdivision 2c; 290.091, subdivision 2; 290.92, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 181; 290.

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

**Senators Skoe, Clausen, Dahle, Schmit and Koenen introduced—**

**S.F. No. 3638:** A bill for an act relating to taxation; individual income; providing a subtraction for military retirement pay; amending Minnesota Statutes 2014, sections 290.01, subdivision 19b; 290.091, subdivision 2.

Referred to the Committee on Taxes.

**Senator Eken introduced—**

**S.F. No. 3639:** A bill for an act proposing amendments to the Minnesota Constitution, article X, section 1; article XI, section 12; and article XII, section 1; requiring phaseout of taxes on real and personal property; requiring the commissioner of revenue to implement a progressive tax based on individual income.

Referred to the Committee on Taxes.

**Senator Sheran introduced—**

**S.F. No. 3640:** A bill for an act relating to state government; creating a Pharmaceutical Industry Commission; proposing coding for new law in Minnesota Statutes, chapter 152A.

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

**Senators Jensen, Hoffman, Carlson, Eken and Kent introduced—**

**S.F. No. 3641:** A bill for an act relating to taxation; individual income; providing a subtraction for military retirement pay; amending Minnesota Statutes 2014, sections 290.01, subdivision 19b; 290.091, subdivision 2.

Referred to the Committee on Taxes.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2963 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2963**

A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; adding requirements for use of trust fund money; creating reimbursement procedures for the University of Minnesota for money from the environment and natural resources trust fund; amending Minnesota Statutes 2014, section 137.025, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116P.

May 22, 2016

The Honorable Sandra L. Pappas  
President of the Senate

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2963 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2963 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the environment and natural resources trust fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

<b>APPROPRIATIONS</b>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

Sec. 2. **MINNESOTA RESOURCES**

Subdivision 1. Total Appropriation      \$      -0-    \$      46,337,000

Appropriations by Fund

2016      2017

Environment and natural resources trust fund      -0-      46,337,000

The amounts that may be spent for each purpose are specified in the following subdivisions. Appropriations are available for two years beginning July 1, 2016, unless otherwise stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year or until the end of the appropriation.

**Subd. 2. Definition.**

"Trust fund" means the Minnesota environment and natural resources trust fund established under Minnesota Constitution, article XI, section 14.

**Subd. 3. Foundational Natural Resource Data and Information**

-0-      12,058,000

**(a) Data-Driven Pollinator Conservation Strategies**

\$520,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to improve understanding of the relationships and interactions between native bee pollinators and rare and declining plant species and to determine optimal placement and species plantings for pollinator habitat in order to develop guidelines for planning, designing, and planting pollinator habitat. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(b) Native Bee Surveys in Minnesota Prairie and Forest Habitats**

\$600,000 the second year is from the trust fund to the commissioner of natural resources to continue to assess the current status and distribution of native bee pollinators in Minnesota by expanding surveys into the prairie-forest border region and facilitating interagency collaboration and public outreach on pollinators. This appropriation is available

until June 30, 2019, by which time the project must be completed and final products delivered.

**(c) Prairie Butterfly Conservation, Research, and Breeding - Phase II**

\$750,000 the second year is from the trust fund. Of this amount, \$421,000 is to the Minnesota Zoological Garden and \$329,000 is to the commissioner of natural resources in collaboration with the United States Fish and Wildlife Service to continue efforts to prevent the extinction of imperiled native Minnesota butterfly species through breeding, research, field surveys, and potential reintroduction. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(d) Statewide Monitoring Network for Changing Habitats in Minnesota**

\$500,000 the second year is from the trust fund to the commissioner of natural resources to develop a consolidated statewide network of permanent habitat monitoring sites in prairies, forests, and wetlands to help guide and prioritize habitat protection and management decisions in response to environmental change. The design and testing methodologies of monitoring plots must address the status of pollinators and pollination. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(e) Completing National Wetland Inventory Update for Minnesota**

\$1,500,000 the second year is from the trust fund to the commissioner of natural resources to complete the update and enhancement of wetland inventory maps for counties in central and northwestern Minnesota. This appropriation is available until June 30, 2019,

by which time the project must be completed and final products delivered.

**(f) Assessment Tool for Understanding Vegetation Growth Impacts on Groundwater Recharge**

\$212,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop a statewide assessment tool to help understand the relationship between vegetation growth and impacts on groundwater recharge under changing land use and climate. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(g) Sentinel Lakes Monitoring and Data Synthesis – Phase III**

\$401,000 the second year is from the trust fund to the commissioner of natural resources for the third and final phase of a monitoring and multidisciplinary research effort on 25 sentinel lakes in Minnesota, which will integrate and synthesize previously collected data to enhance understanding of how lakes respond to large-scale environmental stressors and provide for improved ability to predict and respond to lake changes for water and fisheries management. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(h) State Spring Inventory for Resource Management and Protection - Phase II**

\$370,000 the second year is from the trust fund to the commissioner of natural resources to continue a systematic inventory of springs statewide to provide fundamental data needed to maintain spring flows and protect groundwater-dependent resources. Increased outreach to the public and other entities must be conducted to assist in the identification, documentation, and publication of spring locations. This appropriation is available until

June 30, 2019, by which time the project must be completed and final products delivered.

**(i) Enhancing Understanding of Minnesota River Aquatic Ecosystem**

\$500,000 the second year is from the trust fund to the commissioner of natural resources to accelerate collection of baseline data to enhance understanding of the Minnesota River ecosystem, measure future impacts of changing climate and landscapes on the aquatic ecosystem, and guide future management efforts. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(j) Improving Brook Trout Stream Habitat Through Beaver Management**

\$225,000 the second year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities system for Bemidji State University to quantify how beaver activity influences habitat quality in streams for brook trout in northeastern Minnesota in order to improve current and future management practices. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(k) Evaluate Temperature, Streamflow, and Hydrogeology Impact on Brook Trout Habitat**

\$115,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Geological Survey to evaluate links between southeastern Minnesota stream temperatures, trout habitat, and bedrock hydrogeology to improve trout stream management. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(l) Restoration of Elk to Northeastern Minnesota**

\$300,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota in cooperation with the Fond du Lac Band and Rocky Mountain Elk Foundation to determine the habitat suitability and levels of public support for restoring elk to northeastern Minnesota. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(m) Game and Nongame Bird Pesticide Exposure**

\$349,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to evaluate the potential risk to game and nongame birds from exposure to neonicotinoid-treated agricultural seeds. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(n) Evaluating Insecticide Exposure Risk for Grassland Wildlife on Public Lands**

\$250,000 the second year is from the trust fund to the commissioner of natural resources to evaluate exposure risks of grassland wildlife to soybean aphid insecticides, to guide grassland management in farmland regions of Minnesota for the protection of birds, beneficial insects, and other grassland wildlife. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(o) Development of Innovative Cost-Saving Methodology for Forest Inventory**

\$800,000 the second year is from the trust fund to the commissioner of natural resources to develop and pilot a new and more cost-effective methodology for an enhanced stand-based forest inventory, with the goal of extending the methodology statewide. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(p) Evaluation of Tree Retention Guidelines Pertaining to Wildlife**

\$232,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to assess the effectiveness of the Minnesota Forest Resources Council tree retention guidelines in sustaining Minnesota's wildlife populations, by quantifying and evaluating the impacts on birds, small mammals, and amphibian diversity. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(q) Determine Impacts on Wildlife From Emerald Ash Borer Infection of Black Ash Forests**

\$334,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to assess impacts of emerald ash borer and adaptive management on wildlife diversity in black ash forests and to develop recommendations to mitigate wildlife impacts. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(r) Aggregate Mapping**

\$1,500,000 the second year is from the trust fund to the commissioner of natural resources to map the extent and quality of aggregate resources in counties that have not previously been mapped. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(s) Pineland Sands Lands and Water Study**

\$1,500,000 the second year is from the trust fund to the commissioner of natural resources to study the impact of changes in land use from forest land to irrigated agriculture in the

Pineland Sands aquifer along the Crow Wing River. The commissioner must notify the public about the study and hold an open house in the study area to inform the community on potential impacts to surface water and groundwater in the area. This appropriation is available until June 30, 2021, and is not subject to Minnesota Statutes, sections 116P.05, subdivision 2, paragraph (b), and 116P.09, subdivision 4. The commissioner must submit or present a status update on the study to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by January 15, 2017.

**(t) Natural Resources Research Institute**

\$1,100,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for academic and applied research through MnDRIVE at the Natural Resources Research Institute for projects that include, but are not limited to, the creation of a portfolio of waterborne sulfate reduction technologies and the development of technologies for current and emerging environmental and natural resources opportunities. This appropriation is available until June 30, 2018, and is not subject to Minnesota Statutes, section 116P.05, subdivision 2.

**Subd. 4. Water Resources**

**-0-** **7,799,000**

**(a) Tracking and Preventing Harmful Algal Blooms**

\$500,000 the second year is from the trust fund to the Science Museum of Minnesota for the St. Croix Watershed Research Station to identify species composition and timing of harmful algal blooms, understand the causes of bloom development in individual lakes, and determine how nutrients and climate interact to increase harmful algae outbreaks. This work must be done in cooperation with the University of Minnesota and the

Minnesota Pollution Control Agency. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(b) Assessing the Increasing Harmful Algal Blooms in Minnesota Lakes**

\$270,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Saint Anthony Falls Laboratory to investigate lake processes and meteorological conditions triggering algal blooms and toxin production, develop models for tracking blooms, and provide outreach on the prediction, detection, and impacts of mitigation of algal bloom events. This work must be done in cooperation with the St. Croix Watershed Research Station of the Science Museum of Minnesota and the Minnesota Pollution Control Agency. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(c) Restoring Native Mussels in Streams and Lakes**

\$600,000 the second year is from the trust fund to the commissioner of natural resources in cooperation with the Minnesota Zoological Garden for a statewide mussel program to rear, restore, and re-establish native mussel species in streams and rivers. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(d) Assessing Techniques for Eliminating Contaminants to Protect Native Fish and Mussels**

\$287,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the University of St. Thomas to evaluate the use of ultraviolet treatment of wastewater to remove certain commonly detected wastewater contaminants, in order to reduce the contaminants' toxicity to native fish and

mussels. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(e) Assessing Neonicotinoid Insecticide Effects on Aquatic and Soil Communities**

\$400,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to identify neonicotinoid insecticide breakdown components produced in water and plant leaves and assess their toxicity to soil and aquatic species and related biotic communities. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(f) Bacterial Assessment of Groundwater Supplies Used for Drinking Water**

\$299,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to characterize and analyze bacterial communities in Minnesota groundwater used as drinking water supplies and link the microbiological data to other water quality indicators for drinking water supply safety. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(g) Understanding Bedrock Fracture Flow to Improve Groundwater Quality**

\$183,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Geological Survey to use new techniques of borehole testing and rock fracture mapping in the Twin Cities metropolitan area to achieve a better understanding of groundwater flow through fractured bedrock, in order to improve groundwater management. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(h) Protection of State's Confined Drinking Water Aquifers - Phase II**

\$433,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the United States Geological Survey to continue to test methods of defining properties of confined drinking water aquifers, in order to improve water management. This appropriation is not subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(i) Assessment of Surface Water Quality with Satellite Sensors**

\$345,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for a statewide assessment of water quality using new satellite sensors for high frequency measurement of major water quality indicators in lakes and rivers. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(j) Development of Innovative Sensor Technologies for Water Monitoring**

\$509,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop inexpensive and efficient sensitive sensors and wireless sensor networks for continuous monitoring of contaminants in lakes and rivers in Minnesota. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(k) Wastewater Treatment Process Improvements**

\$398,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to characterize and quantify

the nutrient-removing microorganisms used for municipal wastewater treatment, in order to improve the process used to reduce total nitrogen discharge. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(l) Membrane-Based Process for Decentralized Drinking Water Production**

\$191,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop a low-energy use, membrane-based treatment technology to produce drinking water locally from surface waters by removing heavy metals and contaminants of emerging concern, including pesticides and pharmaceuticals. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(m) Analyzing Alternatives for Municipal Wastewater Treatment**

\$180,000 the second year is from the trust fund to the commissioner of the Minnesota Pollution Control Agency to analyze alternatives for improved treatment of sulfate and salty parameters at municipal wastewater plants to inform the development and implementation of wild rice, sulfate, and other water quality standards. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(n) Understanding Impacts of Salt Usage on Minnesota Lakes, Rivers, and Groundwater**

\$497,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to quantify the current water-softening salt loads in Minnesota lakes, rivers, and groundwater,

assess alternative water-softening materials and methods, and quantify the transport of de-icing and water-softening salt through the soil. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(o) Microbes for Salt and Metal Removal**

\$596,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to continue to research the potential of recently discovered microbes from Soudan Iron Mine in northern Minnesota for removing salts and metals from groundwater and surface water resources. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(p) Engineered Biofilter for Sulfate and Metal Removal from Mine Waters**

\$440,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop an efficient, low-cost, biomass-derived adsorbent material for use in bioactive filters able to remove sulfate and metals from mining-impacted waters. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(q) Developing Biosponge Technology for Removal of Nitrates from Minnesota Waters**

\$198,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to adapt and test an inexpensive biosponge technology for its effectiveness at removing nitrates from drinking water. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which

time the project must be completed and final products delivered.

**(r) Morrison County Performance Drainage and Hydrology Management**

\$209,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Morrison Soil and Water Conservation District to conduct an assessment of drainage infrastructure, in order to develop hydrology restoration priorities and a countywide performance drainage ordinance to address land use-change impacts to the hydrogeology. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(s) Agricultural and Urban Runoff Water Quality Treatment Analysis - Phase II**

\$110,000 the second year is from the trust fund to the Board of Water and Soil Resources for an agreement with the Blue Earth County Drainage Authority to continue monitoring a model demonstration for storage and treatment options in drainage systems designed to improve agricultural and urban water quality by reducing soil erosion, peak water flows, and nutrient loading. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(t) Surface Water Bacterial Treatment System Pilot Project**

\$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Vadnais Lake Area Water Management Organization to reduce bacteria and nutrient loads to Vadnais Lake, a drinking water supply reservoir, through implementation and evaluation of a subsurface constructed wetland as a best management practice for potential statewide use. The Vadnais Lake Area Water

Management Organization must consider contracting with the University of Minnesota Department of Civil, Environmental, and Geo-Engineering to evaluate the effectiveness of the pilot treatment system so that it maximizes benefits and can be replicated elsewhere. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(u) Assessing Effectiveness of Wetland Restorations for Improved Water Quality**

\$420,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to quantify the environmental benefits of sediment removal and native plant communities in wetland restorations by measuring resulting reductions in nitrogen and phosphorus delivery to groundwater and surface water. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(v) Integrated Targeted Watershed Planning Tools with Citizen Involvement**

\$169,000 the second year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities system for the Water Resources Center at Minnesota State University, Mankato, to use geographic information system (GIS) prioritization and modeling tools to develop pollution reduction strategies in five priority subwatersheds in the Le Sueur River watershed and to promote implementation of the reduction strategies through citizen involvement and outreach. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(w) Roseau Lake Watershed Targeted Water Quality Improvement**

\$65,000 the second year is from the trust fund to the commissioner of natural resources to develop targeted water quality improvements for the Roseau Lake watershed by coordinating with partner agencies to identify the top priority field scale best management and conservation practices to implement in the region.

**Subd. 5. Environmental Education**

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2,812,000

**(a) Minnesota Conservation Apprentice Academy**

\$433,000 the second year is from the trust fund to the Board of Water and Soil Resources in cooperation with Conservation Corps Minnesota and Iowa for the final phase of a program to train and mentor future conservation professionals by providing apprenticeship service opportunities with local soil and water conservation districts in Minnesota. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(b) School Forests Outdoor Classrooms**

\$440,000 the second year is from the trust fund to the commissioner of natural resources in cooperation with Conservation Corps Minnesota and Iowa to renovate and restore 60 school forests and train students, teachers, school district facility staff, and community volunteers to be long-term stewards of the school forests and provide education and service learning experiences at school forest sites. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(c) Youth-Led Sustainability Projects in 50 Minnesota Communities - Phase III**

\$400,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Prairie Woods Environmental Learning Center to expand the Youth Energy Summit (YES!)

program statewide to complete more than 200 new youth-led climate change mitigation and adaptation projects in over 50 Minnesota communities.

**(d) New Prairie Sportsman Statewide Broadcast Video Project**

\$300,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Pioneer Public Television to provide outreach on outdoor recreation, conservation, and natural resource issues, including water quality, wildlife habitat, and invasive species, through a series of interrelated public forums, educational and training videos, and statewide broadcast television programs. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(e) Wildlife and Habitat Conservation Education for Southwest Minnesota High Schools**

\$147,000 the second year is from the trust fund to the Minnesota Zoological Garden to engage high school students in critical prairie wildlife and habitat conservation projects by using the zoo's unique animal collections and state-of-the-art technology to deliver hands-on learning in 12 southwestern Minnesota high schools.

**(f) Standards-Based Dakota Indian Land Stewardship Education**

\$197,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Dakota Wicohan to enhance the capacity of approximately 1,250 students to be stewards of the land in Minnesota by learning about Dakota Indian values and environmental principles through a standards-based experiential multimedia curriculum. This appropriation is available until June 30, 2019, by which time the

project must be completed and final products delivered.

**(g) Wolf Management Education in the Classroom - Phase II**

\$240,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the International Wolf Center to expand the Wolves at Our Door classroom education program to assist students in understanding wolves and associated management issues.

**(h) Master Water Steward Program Expansion**

\$116,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Freshwater Society to train community volunteers as master water stewards who will work with neighborhoods to install water management projects that preserve and restore water quality. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(i) Promoting Water Quality Stewardship through Student Mentoring and River Monitoring**

\$39,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Southwest Minnesota State University to partner with area schools to deliver inquiry-based, hands-on learning and mentoring on water quality stewardship between university agriculture students and high school and middle school students.

**(j) Wildlife Science Center**

\$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Wildlife Science Center to provide environmental education programs using ambassador wild animals.

Subd. 6. Aquatic and Terrestrial Invasive Species

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5,860,000

**(a) Minnesota Invasive Terrestrial Plants and Pests Center - Phase III**

\$3,750,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Invasive Terrestrial Plants and Pests Center to conduct research to prevent, minimize, and mitigate the threats and impacts posed by terrestrial invasive plants, pathogens, and pests to the state's prairies, forests, wetlands, and agricultural resources. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

**(b) Developing Membrane Filtration System to Treat Lake Superior Ballast Water**

\$151,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop a filtration system utilizing bioactive membrane technologies for use in treating Lake Superior ballast water to remove at least 90 percent of suspended pathogens, invasive species, and contaminants. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(c) Advancing Microbial Invasive Species Monitoring from Ballast Discharge**

\$368,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to identify bacteria in ship ballast water and St. Louis River estuary sediments, assess the risks posed by invasive bacteria, and evaluate treatment techniques for effectiveness at removing the bacteria from ballast water. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(d) Biological Control of White Nose Syndrome in Bats - Phase II**

\$452,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to continue research to identify, develop, and optimize biocontrol agents for white nose syndrome in bats by evaluating the biocontrol effectiveness of microbes collected at additional hibernacula throughout the state and conducting baseline characterization of the total bat microbiomes. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(e) Elimination of Target Invasive Plant Species - Phase II**

\$750,000 the second year is from the trust fund. Of this amount, \$511,000 is to the commissioner of agriculture and \$239,000 is to the Board of Regents of the University of Minnesota to train volunteers and professionals to find, control, and monitor targeted newly emergent invasive plant species. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(f) Dutch Elm Disease Resistance - Phase II**

\$200,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to continue to identify and evaluate native Minnesota elms that are resistant to Dutch elm disease and begin propagating disease-resistant specimens for field trial testing. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(g) Invasive Carp Management Research in Lake Nokomis Subwatershed**

\$189,000 the second year is from the trust fund to the commissioner of natural resources

for an agreement with the Minneapolis Park and Recreation Board to apply current invasive carp management research to the entire Lake Nokomis subwatershed and provide demonstration guidance for large-scale carp management. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**Subd. 7. Air Quality, Climate Change, and Renewable Energy**

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2,090,000

**(a) Community Solar Garden Installation**

\$490,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Rural Renewable Energy Alliance to install a 200-kilowatt community solar garden to provide for electrical distribution in Cass, Beltrami, Hubbard, and Itasca Counties, to assist households in the Minnesota low-income housing energy assistance program in meeting electrical energy needs and serve as a model for low-income energy assistance elsewhere in the state. This appropriation is not subject to Minnesota Statutes, section 116P.10.

**(b) Waste Heat Recovery with Efficient Thermoelectric Energy Generators**

\$400,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop thermoelectric energy generators using advanced, high-performance materials able to more efficiently capture waste heat and transform the heat into electricity. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(c) Hydrogen Fuel from Wind-Produced Renewable Ammonia**

\$250,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop a technical solution for converting wind-produced ammonia to hydrogen through catalytic decomposition, for use in reducing emissions from diesel engines and powering fuel cell vehicles. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(d) Utilization of Dairy Farm Wastewater for Sustainable Production**

\$475,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the West Central Research and Outreach Center in Morris to develop and evaluate an integrated system that recycles and uses nutrients in dairy wastewater from feedlots and milk processing, thereby reducing nutrients from agricultural runoff, and to provide outreach on adoption of new technologies. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(e) Solar Energy Utilization for Minnesota Swine Farms - Phase II**

\$475,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the West Central Research and Outreach Center in Morris to continue to develop and evaluate the utilization of solar photovoltaic systems at swine facilities to improve energy and economic performance, reduce fossil fuel usage and emissions, and optimize water usage. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**Subd. 8. Methods to Protect, Restore, and Enhance  
Land, Water, and Habitat**

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6,715,000

**(a) Bee Pollinator Habitat Enhancement - Phase II**

\$387,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to continue assessment of the potential to supplement traditional turf grass by providing critical floral plant resources to enhance bee pollinator habitat. Plant materials and seeds must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(b) Measuring Pollen and Seed Dispersal for Prairie Fragment Connectivity**

\$556,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to determine habitat connectivity between prairie fragments by measuring plant movement by dispersal of pollen and seeds to improve prairie restoration implementation. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(c) Establishment of Permanent Habitat Strips  
Within Row Crops**

\$179,000 the second year is from the trust fund to the Science Museum of Minnesota for the St. Croix Watershed Research Station to research the viability of establishing prairie forbs and alfalfa as permanent cover strips in the bare soil between selected rows of corn and soybeans as potential pollinator, monarch, and gamebird habitat. Monitoring of the native plant strips must evaluate the effects of pesticides from adjacent crops on pollinators, including determining whether there is a reduction of pollinators that results in reduced setting of seeds on the native

plants. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(d) Evaluate Prescribed Burning Techniques to Improve Habitat Management for Brushland Species**

\$267,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to compare the effects on brushland habitat of conducting prescribed burning in spring, summer, and fall to provide improved management guidelines for wildlife habitat. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(e) Controlling Reed Canary Grass to Regenerate Floodplain Forest**

\$218,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota state office of the National Audubon Society to determine the most effective regeneration methods for restoration of floodplain forests in southeast Minnesota impacted by invasive reed canary grass. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(f) Forest Management for Mississippi River Drinking Water Protection**

\$300,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Crow Wing Soil and Water Conservation District to pilot a water protection approach for the watershed through development of forest stewardship plans and targeted riparian forest restoration projects. Any expenditures from this appropriation spent on forest management plans or restoration must be for lands with a long-term contract commitment for forest conservation, and the restoration must follow

the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(g) Upland, Wetland, and Shoreline Restoration in Greater Metropolitan Area**

\$509,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to restore approximately 150 acres of forest, prairie, woodland, and wetland and 0.15 miles of shoreline throughout the greater Twin Cities metropolitan area, using volunteers, and to conduct restoration evaluation on previously restored parcels. A list of proposed restorations and evaluations must be provided as part of the required work plan. Plant and seed materials must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(h) Bluffland Restoration and Monitoring in Winona**

\$99,000 the second year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities system for Winona State University to inventory, restore, and monitor the 40-acre Garvin Heights Natural Area in Winona and provide related public outreach and education. Plant and seed materials must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(i) Champlin Mill Pond Shoreland Restoration**

\$2,000,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Champlin to restore the Champlin Mill Pond shoreline and adjacent habitat. Plant and seed materials must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(j) Pollinator Highway Demonstration Projects**

\$2,200,000 the second year is from the trust fund to the commissioner of transportation to restore and enhance wildlife habitat along trunk highways, including: marked Interstate Highway 35, one north and one south of the metropolitan area; marked Interstate Highway 90; and two locations along marked Interstate Highway 94. Of this amount, up to \$25,000 may be used to monitor and study the effects of different levels of native plant diversity on roadside pollinators and the timing of mowing on pollinator abundance and diversity. The commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over transportation and environment and natural resources by January 15, 2017, and submit or present to the chairs a follow-up status report by January 15, 2020. This appropriation is available until June 30, 2022, and must include a five-year restoration process. This appropriation is not subject to Minnesota Statutes, sections 116P.05, subdivision 2, paragraph (b), and 116P.09, subdivision 4.

Subd. 9. Land Acquisition, Habitat, and Recreation

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8,793,000

**(a) Scientific and Natural Area Restoration**

\$1,386,000 the second year is from the trust fund to the commissioner of natural resources to restore and improve approximately 750

acres of scientific and natural areas. A list of proposed restorations must be provided as part of the required work plan. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(b) Minnesota Point Pine Forest Scientific and Natural Area Acquisition**

\$500,000 the second year is from the trust fund to the commissioner of natural resources in cooperation with the Duluth Airport Authority to acquire approximately ten acres as an addition to the designated Minnesota Point Pine Forest Scientific and Natural Area located along the shores of Lake Superior in Duluth.

**(c) Conservation Easements in Avon Hills - Phase III**

\$1,300,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Saint John's University in cooperation with Minnesota Land Trust to secure permanent conservation easements on approximately 500 acres of high-quality habitat in Stearns County, prepare conservation management plans, and provide public outreach. A list of proposed easement acquisitions must be provided as part of the required work plan. An entity that acquires a conservation easement with appropriations from the trust fund must have a long-term stewardship plan for the easement and a fund established for monitoring and enforcing the agreement. Funding for the long-term monitoring and enforcement fund must come from nonstate sources for easements acquired with this appropriation. The state may enforce requirements in the conservation easements on land acquired with this appropriation and the conservation easement document must state this authority and explicitly include requirements for water quality and quantity protection. This appropriation is available until June 30, 2019,

by which time the project must be completed and final products delivered.

**(d) Lincoln Pipestone Rural Water System Acquisition for Wellhead Protection**

\$1,500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Lincoln Pipestone Rural Water to acquire and restore lands designated under an approved wellhead protection plan. Lands acquired with this appropriation must be from willing sellers and be identified by the Department of Health as targeted vulnerable lands for wellhead protection. Lands must be restored to permanent vegetative cover, but may be used for recreation and renewable energy if adequate protection of the drinking water aquifer is provided. A list of proposed acquisitions must be provided as part of the required work plan. Plant and seed materials must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. Income derived from the lands acquired with funds appropriated under this paragraph is exempt from Minnesota Statutes, section 116P.10, if used for additional wellhead protection as provided under this paragraph until adequate wellhead protection has been achieved, as determined by the commissioner of health. Any income earned after that must be returned to the environment and natural resources trust fund. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(e) Mesabi Trail Segment from Highway 135 to Town of Embarrass**

\$1,200,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority for engineering and construction of segments of the Mesabi Trail, totaling approximately six

miles between Highway 135 and the town of Embarrass. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(f) Tower Historic Harbor Trail Connections**

\$679,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Tower to construct recreational trails along the harbor in Tower and to connect to the Mesabi Trail. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(g) Otter Tail River Recreational Trail Acquisition**

\$600,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Fergus Falls to acquire approximately 16 acres along the Otter Tail River for a recreational trail and park. This appropriation is contingent on at least a \$400,000 match of nonstate money. Prior to the acquisition, a phase 1 environmental assessment must be completed and the city must not accept any liability for previous contamination of lands acquired with this appropriation.

**(h) State Park and Trail Enhancement**

\$1,228,000 the second year is from the trust fund to the commissioner of natural resources for enhancement of state parks and trails as follows: \$614,000 is for enhancement of state parks and \$614,000 is for enhancement of state trails. This appropriation is not subject to Minnesota Statutes, sections 116P.05, subdivision 2, paragraph (b), and 116P.09, subdivision 4.

**(i) Douglas County Regional Park**

\$400,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Douglas County for

park and trail planning, development, or acquisition for a regional park. The grant must be matched by other state or nonstate sources. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**Subd. 10. Administration**

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210,000

**(a) Contract Agreement Reimbursement**

\$135,000 the second year is from the trust fund to the commissioner of natural resources, at the direction of the Legislative-Citizen Commission on Minnesota Resources, for expenses incurred for contract agreement reimbursement for the agreements specified in this section. The commissioner shall provide documentation to the Legislative-Citizen Commission on Minnesota Resources on the expenditure of these funds.

**(b) Grants Management System**

\$75,000 the second year is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources for upgrading and modernizing a project records management system.

**Subd. 11. Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to

the appropriation's purpose and would not be generated by the recipient but for the receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available until June 30, 2018, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the expiration date of the appropriation. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

#### **Subd. 12. Data Availability Requirements**

Data collected by the projects funded under this section must conform to guidelines and standards adopted by MN.IT Services. Spatial data also must conform to additional guidelines and standards designed to support data coordination and distribution that have been published by the Minnesota Geospatial Information Office. Descriptions of spatial data must be prepared as specified in the state's geographic metadata guideline and must be submitted to the Minnesota Geospatial Information Office. All data must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13. To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as having received funding from the environment and natural resources trust fund.

#### **Subd. 13. Project Requirements**

- (a) As a condition of accepting an appropriation under this section, an agency or entity receiving an appropriation or a party to an agreement from an appropriation must comply with paragraphs (b) to (l)

and Minnesota Statutes, chapter 116P, and must submit a work plan and semiannual progress reports in the form determined by the Legislative-Citizen Commission on Minnesota Resources for any project funded in whole or in part with funds from the appropriation. Modifications to the approved work plan and budget expenditures must be made through the amendment process established by the Legislative-Citizen Commission on Minnesota Resources.

(b) A recipient of money appropriated in this section that conducts a restoration using funds appropriated in this section must use native plant species according to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines and include an appropriate diversity of native species selected to provide habitat for pollinators throughout the growing season as required under Minnesota Statutes, section 84.973.

(c) For all restorations conducted with money appropriated under this section, a recipient must prepare an ecological restoration and management plan that, to the degree practicable, is consistent with the highest quality conservation and ecological goals for the restoration site. Consideration should be given to soil, geology, topography, and other relevant factors that would provide the best chance for long-term success and durability of the restoration project. The plan must include the proposed timetable for implementing the restoration, including site preparation, establishment of diverse plant species, maintenance, and additional enhancement to establish the restoration; identify long-term maintenance and management needs of the restoration and how the maintenance, management, and enhancement will be financed; and take advantage of the best available science and include innovative techniques to achieve the best restoration.

(d) An entity receiving an appropriation in this section for restoration activities must provide an initial restoration evaluation at the completion of the appropriation and an evaluation three years beyond the completion of the expenditure. Restorations must be evaluated relative to the stated goals and standards in the restoration plan, current science, and, when applicable, the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. The evaluation must determine whether the restorations are meeting planned goals, identify any problems with the implementation of the restorations, and, if necessary, give recommendations on improving restorations. The evaluation must be focused on improving future restorations.

(e) All restoration and enhancement projects funded with money appropriated in this section must be on land permanently protected by a conservation easement or public ownership.

(f) A recipient of money from an appropriation under this section must give consideration to contracting with Conservation Corps Minnesota for contract restoration and enhancement services.

(g) All conservation easements acquired with money appropriated under this section must:

(1) be permanent;

(2) specify the parties to an easement in the easement;

(3) specify all of the provisions of an agreement that are permanent;

(4) be sent to the Legislative-Citizen Commission on Minnesota Resources in an electronic format at least ten business days prior to closing;

(5) include a long-term monitoring and enforcement plan and funding for monitoring and enforcing the easement agreement; and

(6) include requirements in the easement document to address specific groundwater and surface water quality protection activities such as keeping water on the landscape, reducing nutrient and contaminant loading, protecting groundwater, and not permitting artificial hydrological modifications.

(h) For any acquisition of lands or interest in lands, a recipient of money appropriated under this section must not agree to pay more than 100 percent of the appraised value for a parcel of land using this money to complete the purchase, in part or in whole, except that up to ten percent above the appraised value may be allowed to complete the purchase, in part or in whole, using this money if permission is received in advance of the purchase from the Legislative-Citizen Commission on Minnesota Resources.

(i) For any acquisition of land or interest in land, a recipient of money appropriated under this section must give priority to high-quality natural resources or conservation lands that provide natural buffers to water resources.

(j) For new lands acquired with money appropriated under this section, a recipient must prepare an ecological restoration and management plan in compliance with paragraph (c), including sufficient funding for implementation unless the work plan addresses why a portion of the money is not necessary to achieve a high-quality restoration.

(k) To ensure public accountability for the use of public funds, within 60 days of the transaction, a recipient of money appropriated under this section must provide to the Legislative-Citizen Commission on Minnesota Resources documentation of the selection process used to identify parcels acquired and provide documentation of all related transaction costs, including but not limited to appraisals, legal fees, recording fees, commissions, other similar costs, and donations. This information must be

provided for all parties involved in the transaction. The recipient must also report to the Legislative-Citizen Commission on Minnesota Resources any difference between the acquisition amount paid to the seller and the state-certified or state-reviewed appraisal, if a state-certified or state-reviewed appraisal was conducted.

(l) A recipient of an appropriation from the trust fund under this section must acknowledge financial support from the Minnesota environment and natural resources trust fund in project publications, signage, and other public communications and outreach related to work completed using the appropriation. Acknowledgment may occur, as appropriate, through use of the trust fund logo or inclusion of language attributing support from the trust fund. Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded pursuant to this section, must satisfy all reporting and other requirements incumbent upon constitutionally dedicated funding recipients as provided in Minnesota Statutes, section 3.303, subdivision 10, and chapter 116P.

**Subd. 14. Payment Conditions and Capital Equipment Expenditures**

(a) All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2016, or the date the work plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payment must be made upon receiving documentation that the deliverable items articulated in the approved work plan have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to

accommodate cash flow needs or match federal money. The advances must be approved as part of the work plan. No expenditures for capital equipment are allowed unless expressly authorized in the project work plan.

(b) Single-source contracts as specified in the approved work plan are allowed.

**Subd. 15. Purchase of Recycled and Recyclable Materials**

A political subdivision, public or private corporation, or other entity that receives an appropriation under this section must use the appropriation in compliance with Minnesota Statutes, section 16C.0725, regarding purchase of recycled, repairable, and durable materials; and Minnesota Statutes, section 16C.073, regarding purchase and use of paper stock and printing.

**Subd. 16. Energy Conservation and Sustainable Building Guidelines**

A recipient to whom an appropriation is made under this section for a capital improvement project must ensure that the project complies with the applicable energy conservation and sustainable building guidelines and standards contained in law, including Minnesota Statutes, sections 16B.325, 216C.19, and 216C.20, and rules adopted under those sections. The recipient may use the energy planning, advocacy, and State Energy Office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

**Subd. 17. Accessibility**

Structural and nonstructural facilities must meet the design standards in the Americans with Disabilities Act (ADA) accessibility guidelines.

Subd. 18. **Carryforward**

(a) The availability of the appropriations for the following projects are extended to June 30, 2017:

(1) Laws 2013, chapter 52, section 2, subdivision 3, paragraph (c), County Geologic Atlases - Part B;

(2) Laws 2013, chapter 52, section 2, subdivision 4, paragraph (d), Metropolitan Conservation Corridors (MeCC) - Phase VII, \$400,000 for the agreement with the Minnesota Valley National Wildlife Refuge Trust, Inc. only;

(3) Laws 2013, chapter 52, section 2, subdivision 4, paragraph (i), Conservation Grazing to Improve Wildlife Habitat on Wildlife Management Areas;

(4) Laws 2013, chapter 52, section 2, subdivision 5, paragraph (b), Assessment of Natural Copper-Nickel Bedrocks on Water Quality;

(5) Laws 2013, chapter 52, section 2, subdivision 5, paragraph (f), Evaluation of Lake Superior Water Quality Health;

(6) Laws 2013, chapter 52, section 2, subdivision 6, paragraph (c), Improving Emerald Ash Borer Detection Efficacy for Control;

(7) Laws 2014, chapter 226, section 2, subdivision 3, paragraph (l), Rainwater Reuse and Valuation Investigation;

(8) Laws 2014, chapter 226, section 2, subdivision 10, paragraph (c), Legislative-Citizen Commission on Minnesota Resources (LCCMR) for upgrade and modernization of a project records management system; and

(9) Laws 2014, chapter 226, section 2, subdivision 8, paragraph (b), Innovative Groundwater-Enhanced Geothermal Heat Pump Study.

(b) The availability of the appropriations for the following projects are extended to June 30, 2018:

(1) Laws 2014, chapter 226, section 2, subdivision 7, paragraph (e), Martin County Park and Natural Area Acquisition; and

(2) Laws 2015, chapter 76, section 2, subdivision 4, paragraph (d), Preventing Phosphorous, Nitrogen and Pesticides from Entering Water Resources through Drain Tiles.

**Subd. 19. Waiver of Deadlines**

Any deadlines established by the Legislative-Citizen Commission on Minnesota Resources for submission of proposals for the commission's fiscal year 2018 funding recommendations are waived until June 26, 2016, for proposals requesting \$750,000 or more.

Sec. 3. Minnesota Statutes 2014, section 116P.05, subdivision 1, is amended to read:

**Subdivision 1. Membership.** (a) A Legislative-Citizen Commission on Minnesota Resources of 17 members is created in the legislative branch, consisting of the chairs of the house of representatives and senate committees on environment and natural resources finance or designees appointed for the terms of the chairs, four members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and four members of the house of representatives appointed by the speaker.

At least two members from the senate and two members from the house of representatives must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

Seven citizens are members of the commission, five appointed by the governor, one appointed by the Senate Subcommittee on Committees of the Committee on Rules and Administration, and one appointed by the speaker of the house. The citizen members are selected and recommended to the appointing authorities according to subdivision 1a and must:

(1) have experience or expertise in the science, policy, or practice of the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources;

(2) have strong knowledge in the state's environment and natural resource issues around the state; and

(3) have demonstrated ability to work in a collaborative environment.

(b) Members shall develop procedures to elect a chair that rotates between legislative and citizen members each meeting. A citizen member, a senate member, and a house of representatives member shall serve as chairs. The citizen members, senate members, and house of representatives members must select their respective chairs. The chair shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(c) Appointed legislative members shall serve on the commission for two-year terms, beginning in January of each odd-numbered year and continuing through the end of December of the next even-numbered year. Appointed citizen members shall serve four-year terms, beginning in January of the first year and continuing through the end of December of the final year. Citizen and legislative members continue to serve until their successors are appointed.

(d) A citizen member may be removed by an appointing authority for cause. Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled for the remainder of the term in the same manner under paragraph (a).

(e) ~~Citizen members shall be initially appointed according to the following schedule of terms:~~

(1) ~~two members appointed by the governor for a term ending the first Monday in January 2010;~~

~~(2) one member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2010 and one member appointed by the speaker of the house for a term ending the first Monday in January 2010;~~

~~(3) two members appointed by the governor for a term ending the first Monday in January 2009; and~~

~~(4) one member appointed by the governor for a term ending the first Monday in January 2008.~~

(f) ~~(e) Citizen members are entitled to per diem and reimbursement for expenses incurred in the services of the commission, as provided in section 15.059, subdivision 3.~~

~~(g) (f) The governor's appointments are subject to the advice and consent of the senate.~~

Sec. 4. Minnesota Statutes 2015 Supplement, section 116P.08, subdivision 5, is amended to read:

Subd. 5. **Public meetings.** (a) Meetings of the commission, committees or subcommittees of the commission, technical advisory committees, and peer reviewers must be open to the public and are subject to chapter 13D. The commission shall attempt to meet throughout various regions of the state during each biennium. For purposes of this subdivision, a meeting occurs when a quorum is present and action is taken regarding a matter within the jurisdiction of the commission, a committee or subcommittee of the commission, a technical advisory committee, or peer reviewers.

(b) For legislative members of the commission, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the commission, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

Sec. 5. **[116P.19] DONATIONS.**

A recipient of money from the trust fund must not accept a monetary donation or payment from an owner of land that is acquired in fee in whole or in part with an appropriation from the trust fund that exceeds the documented expenses that are directly related to and necessary for

activities specified in the work plan approved by the commission, unless expressly approved by the commission in the work plan. This section does not apply to:

(1) donations that are not connected with the acquisition transaction; or

(2) bargain sales, as defined by Code of Federal Regulations, title 26, section 1.1011-2, provided that the purchase price reimbursed by the state does not exceed the purchase price paid by the recipient.

Sec. 6. **[116P.20] EASEMENT MONITORING AND ENFORCEMENT REQUIREMENTS.**

A recipient of money appropriated from the trust fund for easement monitoring and enforcement may spend the money only on activities included in an easement monitoring and enforcement plan contained within the work plan. Money received for monitoring and enforcement, including earnings on the money received, must be kept in a monitoring and enforcement fund held by the recipient and dedicated to monitoring and enforcing conservation easements in Minnesota. A recipient of an appropriation for easement monitoring and enforcement must, within 120 days after the close of the recipient's fiscal year, provide an annual financial report to the commission or the commission's successor on the easement monitoring and enforcement fund as specified in the work plan. Money appropriated from the trust fund for monitoring and enforcement of easements and earnings on the money appropriated revert to the state if:

(1) the easement transfers to the state;

(2) the recipient fails to file an annual financial report and then fails to cure the default within 30 days of notification of the default by the state; or

(3) the recipient fails to comply with the terms of the monitoring and enforcement plan contained within the work plan and fails to cure the default within 90 days of notification of the default by the state.

Sec. 7. Minnesota Statutes 2014, section 137.025, is amended by adding a subdivision to read:

**Subd. 2a. Appropriations from Minnesota environment and natural resources trust fund.** (a) The commissioner of management and budget shall pay no money to the University of Minnesota pursuant to a direct appropriation from the Minnesota environment and natural resources trust fund until the University of Minnesota requests reimbursement for expenditures related to the direct appropriation. The reimbursement request shall specify expenditures by appropriation. The commissioner of management and budget shall reimburse the University of Minnesota by the 25th day of the month following the reimbursement request. If the 25th day of the month falls on a Saturday, Sunday, or holiday, the payment must be made by the first business day immediately following the 25th day of the month.

(b) For each year the appropriation is available, the University of Minnesota must submit an encumbrance request to the commissioner of management and budget by July 31 for the prior fiscal year. The encumbrance request shall identify the amount the university anticipates it will request for reimbursement for expenses in the prior fiscal year by appropriation. The commissioner of management and budget shall maintain this amount as an encumbrance at the state level until the university submits its final reimbursement request for that fiscal year.

(c) Final requests for reimbursement must be made within 90 days from the last day the appropriation is available to reimburse expenditures."

Delete the title and insert:

"A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying provisions for Legislature-Citizen Commission on Minnesota Resources; adding requirements for use of trust fund money; creating reimbursement procedures for the University of Minnesota for money from the environment and natural resources trust fund; amending Minnesota Statutes 2014, sections 116P.05, subdivision 1; 137.025, by adding a subdivision; Minnesota Statutes 2015 Supplement, section 116P.08, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 116P."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Kari Dziedzic, Torrey N. Westrom, John A. Hoffman

House Conferees: Tom Hackbarth, Steve Green, Tom Anzelc

Senator Dziedzic moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2963 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2963 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 41 and nays 21, as follows:

Those who voted in the affirmative were:

Abeler	Fischbach	Kent	Ortman	Sparks
Bonoff	Franzen	Kiffmeyer	Pederson	Tomassoni
Carlson	Gazelka	Koenen	Reinert	Weber
Chamberlain	Hawj	Latz	Rosen	Westrom
Clausen	Hayden	Lourey	Ruud	Wiger
Dahle	Hoffman	Metzen	Saxhaug	
Dahms	Housley	Miller	Scalze	
Dziedzic	Ingebrigtsen	Nelson	Schmit	
Eken	Jensen	Newman	Sheran	

Those who voted in the negative were:

Anderson	Cohen	Limmer	Rest	Wiklund
Bakk	Dibble	Marty	Sieben	
Benson	Eaton	Nienow	Skoe	
Brown	Goodwin	Osmek	Thompson	
Champion	Hall	Pratt	Torres Ray	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 848, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 848 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 22, 2016

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 848**

A bill for an act relating to financing and operation of state and local government; making changes to individual income, corporate franchise, property, sales and use, excise, estate, mineral, tobacco, gambling, special, local, and other taxes and tax-related provisions; providing for long-term care savings plans; modifying business income tax credits; modifying income tax subtractions and additions; modifying the definition of resident for income tax purposes; modifying the dependent care credit, education credit, and research credit; providing credits for MNsure premium payments, attaining a master's degree, student loan payments, college savings plans, and job training centers; modifying reciprocity provisions; providing an additional personal and dependent exemption; allowing a reverse referendum for property tax levies under certain circumstances; modifying dates for local referenda related to spending; changing proposed levy certification dates for special taxing districts; modifying general property tax provisions; providing for joint county and township assessment agreements; modifying the definition of agricultural homestead; modifying property classification definitions; permanently extending the market value exclusion for surviving spouses of deceased service members and permanently disabled veterans; modifying provisions for appeals and equalizations courses; providing a tax credit for overvalued property; modifying and phasing out the state general levy; modifying proposed levy provisions; modifying due dates for property taxes; changing withdrawal procedures for the Sustainable Forest Incentive Program; authorizing valuation exclusion for certain improvements to homestead and commercial-industrial property; providing an increased estate tax exemption amount and other estate tax provisions; providing for certain economic development projects; providing for the Minnesota New Markets Jobs Act; restricting expenditures and other powers related to certain rail projects; providing for additional border city zone allocations; modifying general tax increment financing provisions; modifying provisions for the Destination Medical Center; modifying general and local sales and use tax provisions; modifying sales tax definitions and refunds related to petroleum and special fuel, durable medical equipment, instructional materials, propane tanks, bullion, capital equipment, and nonprofit groups; providing for a vendor allowance; providing exemptions for animal shelters, city celebrations, BMX tracks, and certain building and construction materials; repealing the tax on digital products; providing a separate rate for certain modular housing; modifying gambling taxes; providing a definition and rate of tax for vapor products under the tobacco tax; modifying cigarette stamp provisions; modifying rates for pull tabs sold at bingo halls; modifying miscellaneous tax provisions; modifying sales tax deposits, accounts, and provisions for transportation purposes; modifying local government

aids and credits; providing for a school building bond agricultural credit; modifying assessor accreditation; accelerating the repeal of MinnesotaCare provider taxes; creating a county program aid working group; establishing trust fund accounts; providing trust fund payments to counties; modifying provisions related to payments in lieu of taxes for natural resources land; repealing the political contribution refund; making various conforming and technical changes; requiring reports; appropriating money; amending Minnesota Statutes 2014, sections 16A.726; 40A.18, subdivision 2; 62V.05, subdivision 5; 97A.055, subdivision 2; 97A.056, subdivision 1a, by adding subdivisions; 116J.8737, subdivisions 5, 12; 116P.02, subdivision 1, by adding a subdivision; 123B.63, subdivision 3; 126C.17, subdivision 9; 205.10, subdivision 1; 205A.05, subdivision 1; 216B.46; 237.19; 270A.03, subdivision 7; 270B.14, subdivision 17; 270C.13, subdivision 1; 270C.9901; 273.061, subdivision 4; 273.072, by adding a subdivision; 273.124, subdivision 14; 273.13, subdivisions 23, 25, 34; 274.014, subdivision 2; 275.025; 275.065, subdivisions 1, 3; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.60; 276.04, subdivisions 1, 2; 278.12; 279.01, subdivisions 1, 3; 279.37, subdivision 2; 282.01, subdivision 4; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.10, subdivision 1; 289A.12, by adding a subdivision; 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01, subdivisions 6, 7, 19, as amended, 19a, 19b, 19d, 29, 31, as amended; 290.06, by adding subdivisions; 290.067, subdivision 1; 290.0671, subdivisions 1, 6a; 290.0672, subdivision 2; 290.0674, subdivisions 1, 2, by adding a subdivision; 290.0677, subdivision 2; 290.068, subdivisions 1, 3, 6a, by adding a subdivision; 290.081; 290.091, subdivision 2; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 290C.10; 291.005, subdivision 1, as amended; 291.016, subdivision 3; 291.03, subdivisions 1, 1d; 296A.01, subdivision 12; 296A.08, subdivision 2; 296A.16, subdivision 2; 297A.61, subdivisions 3, 4, 38; 297A.62, subdivision 3; 297A.668, subdivisions 1, 2, 6a, 7; 297A.669, subdivision 14a; 297A.67, subdivisions 7a, 13a, by adding subdivisions; 297A.68, subdivisions 5, 19; 297A.70, subdivisions 4, 10, 14, by adding subdivisions; 297A.71, by adding subdivisions; 297A.75, subdivisions 1, 2, 3; 297A.77, subdivision 3; 297A.815, subdivision 3; 297A.94; 297A.992, subdivisions 1, 6, 6a, by adding a subdivision; 297A.994, subdivision 4; 297E.02, subdivisions 1, 6; 297F.01, subdivision 19, by adding subdivisions; 297F.05, subdivisions 1, 3, by adding subdivisions; 297F.06, subdivisions 1, 4; 297F.08, subdivisions 5, 7, 8; 297F.09, subdivision 1; 297I.20, by adding a subdivision; 298.24, subdivision 1; 309.53, subdivision 3; 345.42, by adding a subdivision; 349.12, by adding a subdivision; 412.221, subdivision 2; 412.301; 426.19, subdivision 2; 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision 1; 469.053, subdivision 5; 469.0724; 469.107, subdivision 2; 469.169, by adding a subdivision; 469.174, subdivisions 12, 14; 469.175, subdivision 3; 469.176, subdivisions 4, 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1, 5; 469.40, subdivision 11, as amended; 469.43, by adding a subdivision; 469.45, subdivisions 1, 2; 469.47, subdivision 4, as amended; 471.57, subdivision 3; 471.571, subdivision 3; 471.572, subdivisions 2, 4; 473.13, by adding a subdivision; 473.39, by adding a subdivision; 473.446, subdivision 1; 473H.09; 473H.17, subdivision 1a; 475.59; 477A.013, subdivision 10, by adding a subdivision; 477A.017, subdivision 2, by adding a subdivision; 477A.03, subdivisions 2a, 2b; 477A.10; 477A.11, by adding subdivisions; 609.5316, subdivision 3; 611.27, subdivisions 13, 15; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5, 6; Laws 1996, chapter 471, article 3, section 51; Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision 6; Laws 2014, chapter 308, article 6, section 7; proposing coding for new law in Minnesota Statutes,

chapters 11A; 16A; 16B; 116J; 116P; 117; 273; 274; 275; 290; 297A; 416; 459; 473; 477A; 609; proposing coding for new law as Minnesota Statutes, chapter 116X; repealing Minnesota Statutes 2014, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 205.10, subdivision 3; 290.06, subdivision 23; 290.067, subdivisions 2, 2a, 2b; 297A.61, subdivisions 50, 51, 52, 53, 54, 55, 56; 297A.992, subdivision 12; 297F.05, subdivision 1a; 477A.017, subdivision 3; 477A.085; 477A.19; Minnesota Rules, part 4503.1400, subpart 4.

May 22, 2016

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 848 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 848 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**  
**PROPERTY TAX**

**Section 1. [103C.333] COUNTY LEVY AUTHORITY.**

Notwithstanding any other law to the contrary, a county levying a tax under section 103C.331 shall not include any taxes levied under those authorities in the levy certified under section 275.07, subdivision 1, paragraph (a). A county levying under section 103C.331 shall separately certify that amount, and the auditor shall extend that levy as a special taxing district levy under sections 275.066 and 275.07, subdivision 1, paragraph (b).

**EFFECTIVE DATE.** This section is effective for certifications made in 2016 and thereafter.

Sec. 2. Minnesota Statutes 2014, section 138.053, is amended to read:

**138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

The governing body of any home rule charter or statutory city or town may annually appropriate from its general fund an amount not to exceed 0.02418 percent of estimated market value, derived from ad valorem taxes on property or other revenues, to be paid to the historical society of its respective city, town, or county to be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in the county. No city or town may appropriate any funds for the benefit of any historical society unless the society is affiliated with and approved by the Minnesota Historical Society.

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

**Sec. 3. [216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE ASSOCIATION.**

A cooperative electric association that has elected to be subject to rate regulation under section 216B.026 is eligible to file with the commission for approval of an adjustment for real and personal property taxes, fees, and permits.

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

Sec. 4. Minnesota Statutes 2014, section 272.02, is amended by adding a subdivision to read:

Subd. 100. Electric generation facility; personal property. (a) Notwithstanding subdivision 9, clause (a), attached machinery, transformers, and other personal property that (1) is part of a natural gas-fired combined heat and power facility, (2) generates electricity and steam for at least partial consumption as part of an industrial use, including corn processing, (3) is less than 80,000 kilowatts of installed capacity, and (4) meets the requirements of this subdivision, are exempt.

(b) At the time of construction, the facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) not be owned by a public utility as defined in section 216B.02, subdivision 4;

(3) be located within 15 miles of an existing natural gas pipeline and within one mile of an existing electrical transmission substation; and

(4) be located outside the metropolitan area as defined in section 473.121, subdivision 2.

(c) Construction of the facility must commence after January 1, 2015, and before January 1, 2019. Property eligible for this exemption does not include electric transmission lines and interconnections, or gas pipelines and interconnections, appurtenant to the property or the facility.

(d) In lieu of personal property taxes each year, the owner of the combined heat and power facility shall pay a base payment of 0.14 cents per kilowatt-hour of electricity produced by the facility during the previous calendar year. In addition to the base payment and in lieu of personal property taxes each year, the owner of the combined heat and power facility shall pay an additional payment of 0.08 cents per kilowatt-hour of electricity produced by the facility during the previous calendar year if, during the previous calendar year, the host township or city had an agreement with a municipal utilities commission to share the cost of acquiring, developing, and marketing land for industrial purposes, and under such agreement both the host township or city and the municipal utilities commission provided funds during the previous calendar year as part of a cost-sharing agreement. The additional payment to be paid by the owner of the combined heat and power facility shall be the lesser of 0.08 cents per kilowatt-hour of electricity produced by the facility or 57 percent of the amount funded by the host township or city during the previous calendar year pursuant to the aforementioned cost-sharing agreement. The payments imposed under this section shall be paid to the county treasurer for the benefit of the host township or city, at the time and in the manner provided for payment of property taxes under section 277.01, subdivision 3. If unpaid, the payments are subject to the same enforcement, collection, and interest and penalties as delinquent personal property taxes. Except to the extent inconsistent with this section, sections 277.01 to 277.24 and 278.01 to 278.13 apply to the payments imposed under this section, and for purposes of those sections the payments imposed under this section are considered personal property taxes.

(e) The owner of the combined heat and power facility shall file a report with the commissioner of revenue annually on or before February 1, detailing the amount of electricity in kilowatt-hours that was produced by the facility and the amount funded by the host township or city in accordance with the cost-sharing agreement described in paragraph (d) during the previous calendar year. The commissioner shall prescribe the form of the report. The report must contain the information required by the commissioner to determine the payments due under this section payable in the current year. If an owner of the facility subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the payments based upon the nameplate capacity of the system multiplied by a capacity factor of 85 percent.

**EFFECTIVE DATE.** This section is effective for taxes payable beginning in 2017 and thereafter.

Sec. 5. Minnesota Statutes 2014, section 272.02, is amended by adding a subdivision to read:

Subd. 101. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of an electric generation facility with more than 35 megawatts and less than 40 megawatts of installed capacity and that meets the requirements of this subdivision is exempt from taxes and payments in lieu of taxes. The facility must:

- (1) be designed to utilize natural gas as a primary fuel;
- (2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;
- (3) be located within 800 feet of an existing natural gas pipeline;
- (4) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422;
- (5) be located outside the metropolitan area as defined under section 473.121, subdivision 2; and
- (6) have received, by resolution, the approval of the governing bodies of the city and county in which it is located for the exemption of personal property provided by this subdivision.

(b) Construction of the facility must have been commenced after January 1, 2015, and before January 1, 2016. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and thereafter.

Sec. 6. Minnesota Statutes 2014, section 272.162, is amended to read:

#### **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument conveying a parcel of land is presented to the county auditor for transfer or division under sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its net tax capacity in the official records and shall not certify the instrument as provided in section 272.12, if:

- (a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

(b) The part conveyed appears within the area of application of municipal or county subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision 1; and

(c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352, subdivision 12.

**Subd. 2. Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision 1, the county auditor may transfer or divide the land and its net tax capacity and may certify the instrument if the instrument contains a certification by the clerk of the municipality or designated county planning official:

(a) (1) that the municipality's or county's subdivision regulations do not apply;

(b) (2) that the subdivision has been approved by the governing body of the municipality or county; or

(c) (3) that the restrictions on the division of taxes and filing and recording have been waived by resolution of the governing body of the municipality or county in the particular case because compliance would create an unnecessary hardship and failure to comply would not interfere with the purpose of the regulations.

(b) If any of the conditions for certification by the municipality or county as provided in this subdivision exist and the municipality or county does not certify that they exist within 24 hours after the instrument of conveyance has been presented to the clerk of the municipality or designated county planning official, the provisions of subdivision 1 do not apply.

(c) If an unexecuted instrument is presented to the municipality or county and any of the conditions for certification by the municipality or county as provided in this subdivision exist, the unexecuted instrument must be certified by the clerk of the municipality or the designated county planning official.

**Subd. 3. Applicability of restrictions.** (a) This section does not apply to the exceptions set forth in section 272.12.

(b) This section applies only to land within municipalities or counties which choose to be governed by its provisions. A municipality or county may choose to have this section apply to the property within its boundaries by filing a certified copy of a resolution of its governing body making that choice with the auditor and recorder of the county in which it is located.

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

Sec. 7. Minnesota Statutes 2014, section 273.13, subdivision 34, is amended to read:

**Subd. 34. Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.~~ Qualification under this paragraph requires an annual application under paragraph (h).

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), ~~for eight taxes payable years, or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, whichever comes first.~~

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership. For an application received after July 1 of any calendar year, the exclusion shall become effective for the following assessment year.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) The purpose of this provision of law providing a level of homestead property tax relief for gravely disabled veterans, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 8. Minnesota Statutes 2014, section 275.025, subdivision 1, is amended to read:

**Subdivision 1. Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy base amount for commercial-industrial property is \$592,000,000 \$762,664,000 for taxes payable in 2002 2017. The state general levy base amount for seasonal-recreational property is \$43,111,000 for taxes payable in 2017. For taxes payable in subsequent years, the each levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 9. Minnesota Statutes 2014, section 275.025, subdivision 2, is amended to read:

**Subd. 2. Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, except for excluding: (1) the first \$100,000 of market value of each parcel of commercial-industrial net tax capacity as defined under section 273.13, subdivision 24, clauses (1) and (2); (2) electric generation attached machinery under class 3; and (3) property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F. For purposes of this subdivision, the

procedures for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and (2), shall apply in determining the portion of a property eligible to be considered within the first \$100,000 of market value.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 10. Minnesota Statutes 2014, section 275.025, subdivision 4, is amended to read:

**Subd. 4. Apportionment and levy of state general tax.** Ninety-five percent of The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and five percent of the state general tax must be levied by applying a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy rate rates to each county auditor that shall be used in spreading taxes.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 11. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

**Subdivision 1. Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 30, each county and each, home rule charter or statutory city, and special taxing district, excluding the Metropolitan Council and the Metropolitan Mosquito Control District, shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The proposed levy certification date for the Metropolitan Council shall be as prescribed in sections 473.249 and 473.446. The proposed levy certification date for the Metropolitan Mosquito Control District shall be as prescribed in section 473.711.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district, the Metropolitan Council, and the Metropolitan Mosquito Control District shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

(e) For purposes of this section, "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(f) At the meeting at which a taxing authority, other than a town, adopts its proposed tax levy under this subdivision, the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

**EFFECTIVE DATE.** This section is effective beginning with proposed levy certifications for taxes payable in 2017.

Sec. 12. Minnesota Statutes 2014, section 275.066, is amended to read:

**275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

For the purposes of property taxation and property tax state aids, the term "special taxing districts" includes the following entities:

- (1) watershed districts under chapter 103D;
- (2) sanitary districts under sections 442A.01 to 442A.29;
- (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- (4) regional public library districts under section 134.201;
- (5) park districts under chapter 398;
- (6) regional railroad authorities under chapter 398A;
- (7) hospital districts under sections 447.31 to 447.38;
- (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- (10) regional development commissions under sections 462.381 to 462.398;
- (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- (12) port authorities under sections 469.048 to 469.068;
- (13) economic development authorities under sections 469.090 to 469.1081;
- (14) Metropolitan Council under sections 473.123 to 473.549;
- (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter 437, section 1;

- (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections 1 to 6;
- (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5, section 39;
- (21) Middle Mississippi River Watershed Management Organization under sections 103B.211 and 103B.241;
- (22) emergency medical services special taxing districts under section 144F.01;
- (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251, or 103C.331;
- (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home under Laws 2003, First Special Session chapter 21, article 4, section 12;
- (25) an airport authority created under section 360.0426; and
- (26) any other political subdivision of the state of Minnesota, excluding counties, school districts, cities, and towns, that has the power to adopt and certify a property tax levy to the county auditor, as determined by the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and thereafter.

Sec. 13. Minnesota Statutes 2014, section 275.07, subdivision 1, is amended to read:

Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September 15 each year. If the town board modifies the levy at a special town meeting after September 15, the town board must recertify its levy to the county auditor on or before five working days after December 20. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

(b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and 103B.251, and 103C.331 shall be separately certified by the county to the county auditor on or before five working days after December 20 in each year. The taxes certified shall not be reduced by the county auditor by the aid received under section 273.1398, subdivision 3. If a county fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

(ii) For purposes of the proposed property tax notice under section 275.065 and the property tax statement under section 276.04, for the first year in which the county implements the provisions of this paragraph, the county auditor shall reduce the county's levy for the preceding year to reflect any amount levied for water management purposes under clause (i) included in the county's levy.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and thereafter.

Sec. 14. Minnesota Statutes 2014, section 276.11, subdivision 1, is amended to read:

Subdivision 1. **Generally.** As soon as practical after the settlement day determined in section 276.09, the county treasurer shall pay to the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and

deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. Upon written request of the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution. A statement prepared by the county treasurer must accompany each payment. It must state the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the settlement date determined in section 276.09. Within seven eight business days after the due date, or 28 calendar days after the postmark date on the envelopes containing real or personal property tax statements, whichever is latest, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district, unless the school district elects to receive 50 percent of the estimated collections arising from taxes levied by and belonging to the school district after making a proportionate reduction to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within seven business days of the due date. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days of the later of the dates in the preceding sentence, unless the school district elects to receive the remainder of its estimated collections after a proportionate reduction has been made to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, the remaining 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within 14 days of the due date. The treasurer shall pay the balance of the amounts collected to a municipal corporation or other body within 60 days after the settlement date determined in section 276.09. After 45 days interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district, in a civil action.

**EFFECTIVE DATE.** This section is effective for property taxes payable in 2017 and thereafter.

Sec. 15. Minnesota Statutes 2014, section 276.111, is amended to read:

**276.111 DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.**

Within seven eight business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from the settlement day determined in section 276.09 to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten 11 business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten 11 business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from the settlement day determined in section 276.09 to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from the settlement day determined in section 276.09 to December 31. After subtracting any tax distributions that have been made to the taxing districts in October and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

**EFFECTIVE DATE.** This section is effective for property taxes payable in 2017 and thereafter.

Sec. 16. Minnesota Statutes 2014, section 278.12, is amended to read:

**278.12 REFUNDS OF OVERPAYMENT.**

If upon final determination the petitioner has paid more than the amount so determined to be due, judgment shall be entered in favor of the petitioner for such excess, and upon filing a copy thereof with the county auditor the auditor shall forthwith draw a warrant upon the county treasurer for the payment thereof; provided that, with the consent of the petitioner, the county auditor may, in lieu of drawing such warrant, issue to the petitioner a certificate stating the amount of such judgment, which amount may be used to apply upon any taxes due or to become due over a prescribed period of years for the taxing district or districts whose taxes or assessments are reduced, or their successors in the event of a reorganization or reincorporation of any such taxing district. In the event the auditor shall issue a warrant for refund or certificates, the amount thereof shall be charged to the state and other taxing districts in proportion to the amount of their respective taxes included in the levy and deduct the same in the subsequent distribution of any tax proceeds to the state or such taxing districts, and upon receiving any such certificate in payment of other taxes, the amount thereof shall be distributed to the state and other taxing districts in proportion to the amount of their respective taxes included in the levy; provided that if in the judgment the levy of one or more of the districts be found to be illegal, to the extent that the tax so levied is reduced on account of the illegal levies, the amount to be charged back shall be charged to the districts and the amount thereof deducted from any distributions thereafter made to them.

**EFFECTIVE DATE.** This section is effective for refunds for overpayment of taxes payable in 2016 and thereafter.

Sec. 17. Minnesota Statutes 2014, section 278.14, subdivision 1, is amended to read:

**Subdivision 1. Applicability.** A county must pay a refund of a mistakenly billed tax as provided in this section. As used in this section, "mistakenly billed tax" means an amount of property tax that was billed, to the extent the amount billed exceeds the accurate tax amount due to a ~~miscalculation of the owner's property under section 273.13 or a mathematical error in the calculation of the tax on the owner's property, together with any penalty or interest paid on that amount~~. This section applies only to taxes payable in the current year and the two prior years. As used in this section, "mathematical error" is limited to an error in:

- (1) converting the market value of a property to tax capacity or to a referendum market value;
- (2) application of the tax rate as computed by the auditor under sections 275.08, subdivisions 1b, 1c, and 1d; 276A.06, subdivisions 4 and 5; and 473F.07, subdivisions 4 and 5, to the property's tax capacity or referendum market value; or

(3) calculation of or eligibility for a credit.

The remedy provided under this section does not apply to a misclassification under section 273.13 that is due to the failure of the property owner to apply for the correct classification as required by law.

**EFFECTIVE DATE.** This section is effective based on property taxes payable in 2017 and thereafter.

Sec. 18. Minnesota Statutes 2014, section 279.01, subdivision 1, is amended to read:

**Subdivision 1. Due dates; penalties.** Except as provided in subdivisions 3 to 5, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The (a) When the taxes against any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May 16, and the remaining one-half must be paid prior to the following October 16. If either tax amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead property until May 31 and four percent on nonhomestead property. If complete payment has not been made by the first day of the month following either due date, an additional penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 homestead property and eight four percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1e or 4e, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision nonhomestead property is imposed. Thereafter, for both homestead and nonhomestead property, on the first day of each subsequent month beginning July 1, up to and including October 1 following through December, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment

~~added, and thereupon no penalty attaches to the remaining one-half until October 16 following the penalty must not exceed eight percent in the case of homestead property, or 12 percent in the case of nonhomestead property.~~

(b) If the property tax statement was not postmarked prior to April 25, the first half payment due date in paragraph (a) shall be 21 days from the postmark date of the property tax statement, and all penalties referenced in paragraph (a) shall be determined with regard to the later due date.

(c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount of the tax due.

(d) For commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August, penalty does not accrue until June 1 of each year. For a class 3a property to qualify for the later due date, the owner of the property must attach an affidavit to the payment attesting to compliance with the income requirements of this paragraph.

(e) This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

(f) A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in installments as provided in this subdivision.

(g) The county treasurer may accept payments of more or less than the exact amount of a tax installment due. Payments must be applied first to the oldest installment that is due but which has not been fully paid. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year or the installment being paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 19. Minnesota Statutes 2014, section 279.01, subdivision 2, is amended to read:

**Subd. 2. Abatement of penalty.** (a) The county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment of taxes in the current year. Notwithstanding section 270C.86, if any county board so elects, the county treasurer may abate the penalty on finding that the imposition of the penalty would be unjust and unreasonable.

(b) The county treasurer shall abate the penalty provided for late payment of taxes in the current year if the property tax payment is delivered by mail to the county treasurer and the envelope containing the payment is postmarked by the United States Postal Service within one business day of the due date prescribed under this section, but only if the property owner requesting the abatement has not previously received an abatement of penalty for late payment of tax under this paragraph.

**EFFECTIVE DATE.** This section is effective for property taxes payable in 2017 and thereafter.

Sec. 20. Minnesota Statutes 2014, section 279.01, subdivision 3, is amended to read:

Subd. 3. **Agricultural property.** (a) In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class 2a agricultural nonhomestead property, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for ~~class 1b agricultural homestead and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 2a agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes, penalties shall attach as provided in subdivision 1.~~

If the owner of class 1b agricultural homestead or class 2a agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead or class 2a agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15.

(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b property that was subject to a second-half due date of November 15 for taxes payable in 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of those that would apply as if the second-half due date were November 15.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 21. Minnesota Statutes 2014, section 279.03, subdivision 2, is amended to read:

Subd. 2. **Rate for composite judgment; rate for homestead composite judgment, repurchase of forfeited homestead property, and sale of forfeited property.** (a) Except as provided in paragraph (b), amounts included in composite judgments authorized by section 279.37, subdivision 1, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The interest rate established at the time the judgment is confessed is fixed for the duration of that judgment.

(b) The following amounts are subject to interest as provided in paragraph (c):

(1) amounts included in composite judgments on parcels classified as 1a or 1b and used as the homestead of the owner;

(2) amounts in contracts for repurchase of property classified as 1a or 1b at the time of forfeiture or at the time that the repurchase application is approved; and

(3) sales of forfeited property pursuant to section 282.01, subdivision 4.

(b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and used as the homestead of the owner, is subject to interest at the rate provided in section 279.37, subdivision 2, paragraph (b). This paragraph does not apply to a relative homestead under section 273.124, subdivision 1, paragraph (c).

(c) By October 15 each year the commissioner shall set the interest rate under this subdivision at the greater of five percent or two percent above the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the

rate must not exceed the maximum annum rate specified under section 279.03, subdivision 1a. By November 1 of each year the commissioner must certify the rate to the county auditor. The rate of interest becomes effective on January 1 of the immediately succeeding year. The commissioner's determination under this subdivision is not a rule subject to the Administrative Procedure Act in chapter 14, including section 14.386.

(d) For the purposes of this subdivision, "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.

**EFFECTIVE DATE.** This section is effective for composite judgments, repurchase contracts, and sales of forfeited property occurring after January 1, 2017.

Sec. 22. Minnesota Statutes 2014, section 279.37, subdivision 2, is amended to read:

**Subd. 2. Installment payments.** (a) The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under chapter 278 and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

(b) For property which qualifies under section 279.03, subdivision 2, paragraph (b), each year the commissioner shall set the interest rate for offers made under paragraph (a) at the greater of five percent or two percent above the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the rate must not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately succeeding year. The commissioner's determination under this subdivision is not a rule subject to the Administrative Procedure Act in chapter 14, including section 14.386. If a default occurs in the payments under any confessed judgment entered under this paragraph, the taxes and penalties due are subject to the interest rate specified in section 279.03. Amounts entered in judgment bear interest at the rate provided in section 279.03, subdivision 1a, unless the parcel is classified as 1a or 1b, and is used as the homestead of the owner, in which case the rate provided in section 279.03, subdivision 2, shall apply. A parcel that is classified as relative homestead under section 273.124, subdivision 1, paragraph (c), is subject to interest at the rate provided in section 279.03, subdivision 1a.

(c) Interest shall commence with the date the judgment is entered. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The interest rate established at the time the judgment is confessed is fixed for the duration of that judgment.

(d) If a default occurs in the payments under any confessed judgment, the taxes and penalties due are subject to the interest rate specified in section 279.03, subdivision 1a, regardless of the classification of the parcel. For the purposes of this subdivision:

(1) the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System; and

(2) "default" means the cancellation of the confession of judgment due to nonpayment of the current year tax or failure to make any installment payment required by this confessed judgment within 60 days from the date on which payment was due.

(c) The interest rate established at the time judgment is confessed is fixed for the duration of the judgment. By October 15 of each year, the commissioner of revenue must determine the rate of interest as provided under paragraph (b) and, by November 1 of each year, must certify the rate to the county auditor.

(d) (e) A qualified property owner eligible to enter into a second confession of judgment may do so at the interest rate provided in paragraph (b).

(e) Repurchase agreements or contracts for repurchase for properties being repurchased under section 282.261 are not eligible to receive the interest rate under paragraph (b).

(f) The offer must be substantially as follows:

"To the court administrator of the district court of ..... county, I, ....., am the owner of the following described parcel of real estate located in ..... county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year ....., and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under chapter 278.

Dated ....., ....."

**EFFECTIVE DATE.** This section is effective for sales and repurchases occurring after January 1, 2017.

Sec. 23. Minnesota Statutes 2014, section 282.01, subdivision 4, is amended to read:

**Subd. 4. Sale: method, requirements, effects.** The sale authorized under subdivision 3 must be conducted by the county auditor at the county seat of the county in which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be conducted in any county facility within the county. The sale must not be for less than the appraised value except as provided in subdivision

7a. The parcels must be sold for cash only, unless the county board of the county has adopted a resolution providing for their sale on terms, in which event the resolution controls with respect to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, and the balance must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. Standing timber or timber products must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value must be allocated between the land and the timber in proportion to their respective appraised values. In that case, standing timber or timber products must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

~~For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined provided in section 279.03, subdivision 1a 2, paragraph (c). The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.~~

**EFFECTIVE DATE.** This section is effective for sales occurring after January 1, 2017.

Sec. 24. Minnesota Statutes 2014, section 282.261, subdivision 2, is amended to read:

~~Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved by the county board for property classified as 1a or 1b and used as the homestead of the owner at the time of forfeiture or at the time that the repurchase application is approved is subject to interest at the rate determined in section 279.03, subdivision 1a 2. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 279.03, subdivision 1a. The unpaid balance on any other repurchase contract approved by the county board is subject to interest at the rate determined in section 279.03, subdivision 1a, which is subject to change each year in the manner provided for in section 279.03, subdivision 1a.~~

**EFFECTIVE DATE.** This section is effective for repurchases occurring after January 1, 2017.

Sec. 25. Minnesota Statutes 2014, section 473H.09, is amended to read:

**473H.09 EARLY TERMINATION.**

~~Subdivision 1. **Public emergency.** Termination of an agricultural preserve earlier than a date derived through application of section 473H.08 may be permitted only in the event of a public emergency upon petition from the owner or authority to the governor. The determination of a public emergency shall be by the governor through executive order pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the preserve, the reasons requiring the action and the date of termination.~~

**Subd. 2. Death of owner.** (a) Within 180 days of the death of an owner, an owner's spouse, or other qualifying person, the surviving owner may elect to terminate the agricultural preserve and the covenant allowing the land to be enrolled as an agricultural preserve by notifying the authority on a form provided by the commissioner of agriculture. Termination of a covenant under this subdivision must be executed and acknowledged in the manner required by law to execute and acknowledge a deed.

(b) For purposes of this subdivision, the following definitions apply:

(1) "qualifying person" includes a partner, shareholder, trustee for a trust that the decedent was the settlor or a beneficiary of, or member of an entity permitted to own agricultural land and engage in farming under section 500.24 that owned the agricultural preserve; and

(2) "surviving owner" includes the executor of the estate of the decedent, the trustee for a trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm land under section 500.24 of which the decedent was a partner, shareholder, or member.

(c) When an agricultural preserve is terminated under this subdivision, the property is subject to additional taxes in an amount equal to 50 percent of the taxes actually levied against the property for the current taxes payable year. The additional taxes are extended against the property on the tax list for taxes payable in the current year. The additional taxes must be distributed among the jurisdictions levying taxes on the property in proportion to the current year's taxes.

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

Sec. 26. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243, article 6, section 9, Laws 2000, chapter 490, article 6, section 15, Laws 2008, chapter 154, article 2, section 30, and Laws 2013, chapter 143, article 4, section 33, is amended to read:

**Sec. 3. TAX; PAYMENT OF EXPENSES.**

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds the amount authorized to be levied under that section. The proceeds of the tax may be used for all purposes of the hospital district, except as provided in paragraph (b).

(b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used by the Cook ambulance service and the Orr ambulance service for the purpose of:

(1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance service;

(2) attached and portable equipment for use in and for the ambulances; and

(3) parts and replacement parts for maintenance and repair of the ambulances, and administrative, operation, or salary expenses for the Cook ambulance service and the Orr ambulance service.

The money may not be used for administrative, operation, or salary expenses.

(c) The part of the levy referred to in paragraph (b) must be administered by the Cook Hospital and passed on in equal amounts directly to the Cook area ambulance service board and the city of Orr to be used for the purposes in paragraph (b).

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

Sec. 27. Laws 1996, chapter 471, article 3, section 51, is amended to read:

**Sec. 51. RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

~~Subdivision 1. Levy authorized.~~ Notwithstanding other law to the contrary, the Carlton county board of commissioners may levy in and for the unorganized township of Sawyer an amount up to \$1,500 ~~\$2,000~~ annually for recreational purposes, beginning with taxes payable in 1997 and ending with taxes payable in 2006.

~~Subd. 2. Effective date.~~ This section is effective June 1, 1996, without local approval.

**EFFECTIVE DATE.** This section is effective the day after the Carlton County Board of Commissioners and its chief clerical officer comply with section 645.021, subdivisions 2 and 3, and applies to taxes payable in 2017.

Sec. 28. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws 2013, chapter 143, article 4, section 36, is amended to read:

**Subdivision 1. Agreement.** The city of Cloquet and Perch Lake Township, by resolution of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance ~~Special~~ Taxing District for the purpose of providing fire or ambulance services, or both, throughout the district. In this section, "municipality" means home rule charter and statutory cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and ambulance services of the municipalities that receive fire or ambulance services, or both, from the district. Upon application, any other municipality may join the district with the agreement of the municipalities that comprise the district at the time of its application to join.

**EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 29. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

~~Subd. 2. Board.~~ The Cloquet Area Fire and Ambulance ~~Special~~ Taxing District Board is governed by a board made up initially of one or more elected officials of the governing body of each participating municipality in the proportions set out in the establishing resolution, subject to change as provided in the district's charter, if any, or in the district's bylaws. Each municipality's representatives serve at the pleasure of that municipality's governing body.

**EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 30. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws 2013, chapter 143, article 4, section 37, is amended to read:

**Subd. 3. Tax.** (a) The district board may impose a property tax on taxable property as provided in this subdivision ~~to pay the costs of providing fire or ambulance services, or both, throughout the district.~~ The board shall annually determine the total amount of the levy that is attributable to the cost of providing fire services and the cost of providing ambulance services within the primary service area. For those municipalities that only receive ambulance services, the costs for the provision of ambulance services shall be levied against taxable property within those municipalities at a rate

necessary not to exceed 0.019 percent of the estimated market value. For those municipalities that receive both fire and ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent of estimated market value.

(b) When a member municipality opts to receive fire service from the district or an additional municipality becomes a member of the district, the cost of providing fire services to that community shall be determined by the board and added to the maximum levy amount.

(c) Each county auditor of a county that contains a municipality subject to the tax under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District. The district may also impose other fees or charges as allowed by law for the provision of fire and ambulance services.

**EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 31. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Public indebtedness.** (a) The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, and may issue certificates of indebtedness or capital notes in the manner provided for a city by Minnesota Statutes, section 412.301, when necessary to accomplish its duties, except that the district may not incur debt or issue obligations until first obtaining the approval of a majority of the electors voting on the question of issuing the obligation. The debt service for debt used to finance capital costs for ambulance service shall be levied against taxable property within the municipalities in the primary service area. The debt service for debt used to finance capital costs for fire service shall be levied against taxable property within municipalities receiving fire services. The district board shall pledge its full faith and credit and taxing power without limitation as to rate or amount for the payment of the district's debt.

(b) For purposes of this subdivision, "municipality" has the definition given in Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c).

**EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 32. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district may be given only in the month of January, with a minimum of twelve months notice of intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision 3 in the year when the notice is given. A property tax on taxable property located in a withdrawing municipality that has been levied by the district pursuant to subdivision 4 remains in effect until the obligations outstanding on the date of withdrawal are satisfied, including any property tax levied in connection with refunding such obligations. The district and its members may also develop and agree upon other continuing obligations after withdrawal of a municipality.

**EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

**Sec. 33. 2016 TOWNSHIP BOARD APPEALS AND EQUALIZATION COURSE WAIVER.**

If a city or town that conducts local board of appeal and equalization meetings certified by February 1, 2016, that it was in compliance with the requirements of Minnesota Statutes, section 274.014, subdivision 2, but no member of the local board who has attended an appeal and equalization course training within the preceding four years attended the local board's meeting for 2016, that local board shall have its powers reinstated for the 2017 assessment by resolution of the governing body of the city or town, and by certifying it is in compliance with the requirements of Minnesota Statutes, section 274.014, subdivision 2. The resolution and certification must be provided to the county assessor by February 1, 2017.

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

**Sec. 34. TOWN OF TOFTE; MUNICIPAL HOUSING.**

(a) Notwithstanding the provisions of Laws 1988, chapter 516, and Laws 1988, chapter 719, article 19, section 27, the town of Tofte may own and operate within its boundary up to 12 units of housing for individuals over 55 years of age or families with one member of the household that is over 55 years of age, or projects that provide housing for individuals or families with incomes not greater than 120 percent of the median family income, as estimated by the United States Department of Housing and Urban Development for the nonmetropolitan county in which the town of Tofte is located.

(b) The town of Tofte shall have the powers of a city under Minnesota Statutes, chapter 462C, and the powers of an authority under Minnesota Statutes, sections 469.001 to 469.047, with respect to this section. Upon the approval of the town board, the town of Tofte may levy the tax described in Minnesota Statutes, section 469.033, subdivision 6.

(c) Nothing in this section shall limit the power of the Cook County/Grand Marais Joint Economic Development Authority to exercise jurisdiction within the town of Tofte. The authority to undertake new projects under this section shall expire on June 30, 2017.

**EFFECTIVE DATE.** This section is effective the day after compliance by the governing body of the town of Tofte with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 35. SOCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL ASSESSMENT.**

Any real or personal property acquired, owned, leased, controlled, used, or occupied by the city of St. Paul for the primary purpose of providing a stadium for a Major League Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and is exempt from ad valorem taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. In determining the special benefit received by the properties, no possible use of any of the properties in any manner different from their intended use for providing a Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a lease or use agreement between the city and another person for uses related to the purposes of the operation of the stadium and related parking facilities is exempt from taxation regardless of the

length of the lease or use agreement. This section, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development or other purposes different from those necessary to the provision and operation of the stadium.

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

**Sec. 36. OPTIONAL CANCELLATION OF TAX FORFEITURE FOR CERTAIN BUILDINGS; ST. LOUIS COUNTY.**

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

(b) "Building PIN" means a parcel identification number that is assigned to a building and does not include the land upon which the building is located; and

(c) "Land PIN" means a parcel identification number that is assigned to land upon which a building associated with a building PIN is located.

Subd. 2. **Optional cancellation of tax forfeiture for buildings with building PINs.** Notwithstanding any law to the contrary, if any building associated with a building PIN and located in St. Louis County forfeits or has forfeited to the state of Minnesota before, on, or after the date of enactment of this section because of nonpayment of delinquent property taxes, special assessments, penalties, interest, or costs, the county auditor of St. Louis County may, with approval from the county board and the commissioner of revenue:

(1) cancel the certificate of forfeiture and set aside the forfeiture without reinstating the unpaid property taxes, special assessments, penalties, interest, or costs; and

(2) combine the building PIN with its associated land PIN. When this occurs, the land PIN is the only surviving parcel identification number, and includes both the building and the land upon which the building is located.

Subd. 3. **Cancellation of tax forfeiture; taxation through date of cancellation.** Notwithstanding any law to the contrary, if the county auditor of St. Louis County cancels a certificate of forfeiture and sets aside a forfeiture in accordance with subdivision 2, the affected building is not subject to taxation from the date of forfeiture through the date of cancellation.

Subd. 4. **Appropriation.** \$1,000,000 in fiscal year 2017 only is appropriated from the general fund to the commissioner of revenue for a grant to St. Louis County that shall be paid on July 1, 2016. The county may only use the grant to remove any building, upon the request of the landowner, after the county has complied with the provisions of subdivision 2.

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

**Sec. 37. LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

Subdivision 1. **Abatements authorized.** (a) Notwithstanding Minnesota Statutes, section 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may grant an abatement of local property taxes for taxes payable in 2016 provided that:

(1) the property is classified as 1c, 3a (excluding utility real and personal property), 4c(1), 4c(10), or 4c(11);

(2) on or before February 1, 2017, the taxpayer submits a written application to the county assessor in the county in which abatement is sought; and

(3) the taxpayer meets qualification requirements established in subdivision 3.

Subd. 2. **Appeals.** An appeal may not be taken to the Tax Court from any order of the county board made pursuant to the exercise of the discretionary authority granted in this section.

Subd. 3. **Qualification requirements.** To qualify for abatements under this section, a taxpayer must:

(1) be located within one of the following municipalities surrounding Lake Mille Lacs:

(i) in Crow Wing County, the city of Garrison, township of Garrison, or township of Roosevelt;

(ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of Malmo, or township of Lakeside; or

(iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

(2) document a reduction in gross receipts of five percent or greater between two successive calendar years beginning in 2010 or later; and

(3) be a business in one of the following industries, as defined within the North American Industry Classification System: accommodation, restaurants, bars, amusement and recreation, food and beverages retail, sporting goods, miscellaneous retail, general retail, museums, historical sites, health and personal care, gas station, general merchandise, business and professional membership, movies, or nonstore retailer, as determined by the county in consultation with the commissioner of employment and economic development.

Subd. 4. **State general levy in relief area.** The counties of Aitkin, Crow Wing, and Mille Lacs must refund the state general levy levied upon a property classified as 1c, 3a (excluding utility real and personal property), or 4c(1) that is located in the area described by subdivision 3, clause (1), for taxes payable in 2016. No refund may be issued to a taxpayer whose property taxes are delinquent.

Subd. 5. **Certification and transfer of funds.** (a) By April 1, 2017, a county granting a refund as required under subdivision 4 must certify the total amount of state general tax refunded to Mille Lacs County and the commissioner of revenue. By May 1, 2017, Mille Lacs County must transfer an amount equal to the amount certified under this paragraph to the county making the certification.

(b) By April 1, 2017, a county that has received an application for an abatement authorized under subdivision 1 must certify to Mille Lacs County the total amount of abatements for which applications have been received and approved. By May 1, 2017, Mille Lacs County must transfer an amount equal to the amount certified under this paragraph to the county making the certification. If the amount appropriated under subdivision 6, minus the amount transferred under paragraph (a), is not sufficient to make the transfer required under this paragraph, Mille Lacs County must reduce the amount transferred to each county by a uniform percentage. By June 30, 2017, the county must issue refunds of local property tax amounts to qualified properties, in proportion to the amount received from Mille Lacs County. No refund may be issued to a taxpayer whose property taxes are delinquent.

(c) By August 1, 2017, Mille Lacs County must calculate the amount transferred under paragraphs (a) and (b), and subtract that amount from \$1,400,000 to obtain the ongoing economic relief distribution amount, if any. This amount must be transferred to the counties of Aitkin, Crow Wing, and Mille Lacs in proportion to the amounts certified by each county under paragraphs (a) and (b). A county receiving a transfer under this paragraph must use the funds received to provide abatements to business properties under economic hardship for taxes payable in 2017, and each year thereafter until a county's share of the ongoing economic relief distribution amount is exhausted.

Subd. 6. **Commissioner of revenue; appropriation.** \$1,400,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of revenue for transfer to Mille Lacs County to make the transfers required under subdivision 5. This is a onetime appropriation.

Subd. 7. **Report to legislature.** The commissioner of revenue must make a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes stating the amount of abatements and refunds given under this section by taxing jurisdictions by February 1, 2018. The counties must provide the commissioner with the information necessary to make the report.

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

Sec. 38. **REPEALER.**

Minnesota Statutes 2014, section 272.02, subdivision 23, is repealed.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and thereafter.

## ARTICLE 2

### AIDS AND CREDITS

Section 1. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

Subdivision 1. **Eligibility.** All class 2a, 2b, and 2c property under section 273.13, subdivision 23, other than property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, is eligible to receive the credit under this section.

Subd. 2. **Credit amount.** For each qualifying property, the school building bond agricultural credit is equal to 40 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, who shall pay the reimbursement amounts to each school district as provided in section 273.1392.

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of education.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 2. Minnesota Statutes 2014, section 273.1392, is amended to read:

**273.1392 PAYMENT; SCHOOL DISTRICTS.**

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; ~~homestead and agricultural credits under section~~ sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 3. Minnesota Statutes 2014, section 273.1393, is amended to read:

**273.1393 COMPUTATION OF NET PROPERTY TAXES.**

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in sections 273.1231 to 273.1235;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) the school bond credit, as provided in section 273.1387;
- (8) agricultural credit as provided in section 273.1384;
- (8) (9) taconite homestead credit as provided in section 273.135;
- (9) (10) supplemental homestead credit as provided in section 273.1391; and
- (10) (11) the bovine tuberculosis zone credit, as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 4. Minnesota Statutes 2014, section 275.065, subdivision 3, is amended to read:

**Subd. 3. Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of

proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county shall not list a telephone number for that taxing authority.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, agricultural homestead credit under section 273.1384, school building bond agricultural credit under section 273.1387, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the

case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address

of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

- (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;
- (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and
- (3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

- (1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;
- (2) population growth and decline;
- (3) state or federal government action; and
- (4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 5. Minnesota Statutes 2014, section 275.07, subdivision 2, is amended to read:

**Subd. 2. School district in more than one county levies; special requirements.** (a) In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

(b) The district must identify the portion of the school district levy that is levied for debt service at the time the levy is certified under this section. For the purposes of this paragraph, "levied for debt service" means levies authorized under sections 123B.53, 123B.535, and 123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment of other postemployment benefits under section 475.52, subdivision 6.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 6. Minnesota Statutes 2014, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net tax capacity under section 275.07 by an individual local government unit shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's net tax capacity tax for that local government unit before reduction by any credits.

(b) The auditor must also determine the school debt tax rate for each school district equal to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by (2) the total net tax capacity of all taxable property within the district.

(c) Any amount certified to the county auditor to be levied against market value shall be divided by the total referendum market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's referendum market value shall be each property's new referendum tax before reduction by any credits. For the purposes of this subdivision, "referendum market value" means the market value as defined in section 126C.01, subdivision 3.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

Sec. 7. Minnesota Statutes 2014, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's homestead market value exclusion under section 273.13, subdivision 35;
- (3) the property's taxable market value under section 272.03, subdivision 15;
- (4) the property's gross tax, before credits;
- (5) for homestead agricultural properties, the credit credits under sections 273.1384 and 273.1387;
- (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and
- (7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

**Sec. 8. [477A.0126] REIMBURSEMENT OF COUNTY AND TRIBES FOR CERTAIN OUT-OF-HOME PLACEMENT.**

Subdivision 1. Definition. When used in this section, "out-of-home placement" means 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21, placed under the Indian Child Welfare Act (ICWA) and chapter 260C, away from the child's parent or guardian and for whom the county social services agency or county correctional agency has been assigned responsibility for the child's placement and care, which includes placement in foster care under section 260C.007, subdivision 18, and a correctional facility pursuant to a court order.

Subd. 2. Determination of nonfederal share of costs. (a) By January 1, 2017, each county shall report the following information to the commissioners of human services and corrections:  
(1) the separate amounts paid out of its social service agency and its corrections budget for out-of-home placement of children under the ICWA in calendar years 2013, 2014, and 2015; and  
(2) the number of case days associated with the expenditures from each budget. By March 15, 2017, the commissioner of human services, in consultation with the commissioner of corrections, shall certify to the commissioner of revenue and to the legislative committees responsible for local government aids and out-of-home placement funding, whether the data reported under this

subdivision accurately reflects total expenditures by counties for out-of-home placement costs of children under the ICWA.

(b) By January 1, 2019, and each January 1 thereafter, each county shall report to the commissioners of human services and corrections the separate amounts paid out of its social service agency and its corrections budget for out-of-home placement of children under the ICWA in the calendar years two years before the current calendar year along with the number of case days associated with the expenditures from each budget.

(c) Until the commissioner of human services develops another mechanism for collecting and verifying data on out-of-home placements of children under the ICWA, and the legislature authorizes the use of that data, the data collected under this subdivision must be used to calculate payments under subdivision 3. The commissioner of human services shall certify the nonfederal out-of-home placement costs for the three prior calendar years for each county to the commissioner of revenue by June 1 of the year prior to the aid payment.

Subd. 3. **Aid payments to counties.** For aids payable in calendar year 2018 and thereafter, the commissioner of revenue shall reimburse each county for 100 percent of the nonfederal share of the cost of out-of-home placement of children under the ICWA provided the commissioner of human services, in consultation with the commissioner of corrections, certifies to the commissioner of revenue that accurate data is available to make the aid determination under this section. The amount of reimbursement is the county's average nonfederal share of the cost for out-of-home placement of children under the ICWA for the most recent three calendar years for which data is available. The commissioner shall pay the aid under the schedule used for local government aid payments under section 477A.015.

Subd. 4. **Aid payments to tribes.** (a) By January 1, 2017, and each year thereafter, each tribe must certify to the commissioner of revenue the amount of federal reimbursement received by the tribe for out-of-home placement of children under the ICWA for the immediately preceding three calendar years. The commissioner of revenue shall prescribe the format of the certification. For purposes of this section, "tribe" has the meaning provided in section 260.755, subdivision 12.

(b) The amount of reimbursement to the tribe shall be the greater of: (1) five percent of the average reimbursement amount received from the federal government for out-of-home placement costs for the most recent three calendar years; or (2) \$200,000. The commissioner shall pay the aid under this section under the schedule used for local government aid payments under section 477A.015.

Subd. 5. **Appropriation.** An amount sufficient to pay aid under this section is annually appropriated to the commissioner of revenue from the general fund.

**EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

Sec. 9. Minnesota Statutes 2015 Supplement, section 477A.015, is amended to read:

**477A.015 PAYMENT DATES.**

(a) The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December 26 annually.

(b) Notwithstanding paragraph (a), for aids payable in 2017 only, the commissioner of revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in three installments

as follows: (1) 6.5 percent of the aid shall be paid on June 15, 2017; (2) 43.5 percent of the aid shall be paid on July 20, 2017; and (3) 50 percent of the aid shall be paid on December 26, 2017.

(c) When the commissioner of public safety determines that a local government has suffered financial hardship due to a natural disaster, the commissioner of public safety shall notify the commissioner of revenue, who shall make payments of aids under sections 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical after the determination is made but not before July 20.

(d) The commissioner may pay all or part of the payments of aids under sections 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a local government requests such payment as being necessary for meeting its cash flow needs.

**EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.

Sec. 10. Minnesota Statutes 2014, section 477A.017, subdivision 2, is amended to read:

Subd. 2. **State auditor's duties.** The state auditor shall prescribe uniform financial accounting and reporting standards in conformity with national standards to be applicable to cities and towns of more than 2,500 population and uniform reporting standards to be applicable to cities and towns of less than 2,500 population.

**EFFECTIVE DATE.** This section applies to reporting of financial information for calendar year 2016 and thereafter.

Sec. 11. Minnesota Statutes 2014, section 477A.017, subdivision 3, is amended to read:

Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive distributions under sections 477A.011 to 477A.03, counties and cities, and towns must conform to the standards set in subdivision 2 in making all financial reports required to be made to the state auditor after June 30, 1984.

**EFFECTIVE DATE.** This section applies to reporting of financial information for aids payable in 2017 and thereafter.

Sec. 12. Minnesota Statutes 2015 Supplement, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** The total aid paid under section 477A.013, subdivision 9, is \$516,898,012 for aids payable in 2015. For aids payable in 2016 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2017 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$539,398,012.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2017 and thereafter.

Sec. 13. Minnesota Statutes 2014, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2014 and thereafter through 2016, the total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. For aids payable in 2017 through 2024, the total aid payable under section 477A.0124, subdivision 3, is \$108,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision

3, is \$105,795,000. Each calendar year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2014 and thereafter 2016, the total aid under section 477A.0124, subdivision 4, is \$104,909,575. For aids payable in 2017 and thereafter, the total aid payable under section 477A.0124, subdivision 4, is \$109,909,575. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

**EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

**Sec. 14. [477A.09] MAXIMUM EFFORT LOAN AID.**

For fiscal years 2018 through 2022, each school district with a maximum effort loan under sections 126C.61 to 126C.72 outstanding as of June 30, 2016, is eligible for an aid payment equal to one-fifth of the amount of interest that was paid on the loan between December 1, 1997, and June 30, 2016. Aid payments under this section must be used to reduce property taxes levied on net tax capacity within the district. Aid under this section must be paid in fiscal years 2018 through 2022, in the manner provided under section 127A.45, subdivisions 9 and 13. An amount sufficient to make aid payments under this section is annually appropriated from the general fund to the commissioner of education.

**EFFECTIVE DATE.** This section is effective for fiscal years 2018 and thereafter.

**Sec. 15. [477A.21] RIPARIAN PROTECTION AID.**

**Subdivision 1. Definitions.** (a) When used in this section, the following terms have the meanings given them in this subdivision.

(b) "Public water basins" has the meaning provided in section 103G.005, subdivision 15, clauses (1) to (8) and (11).

(c) "Public watercourses" has the meaning provided in section 103G.005, subdivision 15, clauses (9) and (10).

**Subd. 2. Certification.** The Board of Water and Soil Resources must certify to the commissioner of revenue by July 1 of each year which counties and watershed districts have affirmed their jurisdiction under section 103F.48, subdivision 7, paragraph (b), and the proportion of each county's land area that is contained in each watershed district within the county. On or before July 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue

the statewide and countywide total of miles of shoreline of public waters basins, the number of centerline miles of public watercourses, and the miles of public drainage system ditches.

Subd. 3. Distribution. (a) A county that is certified under subdivision 2 or that portion of a county containing a watershed district certified under subdivision 2 is eligible to receive aid under this section to enforce and implement the riparian protection and water quality practices under section 103F.48. The commissioner shall calculate a preliminary aid for all counties that shall equal: (1) each county's share of the total number of acres in the state classified as class 2a under section 273.13, subdivision 23, divided by two; plus (2) each county's share of the number of miles of shoreline of public water basins, each county's share of the number of centerline miles of public watercourses, and each county's share of the number of miles of public drainage system ditches established under chapter 103E, divided by two; multiplied by (3) \$10,000,000.

(b) Aid to a county shall not be greater than \$200,000 or less than \$45,000. If the sum of the preliminary aids payable to counties under paragraph (a) is greater or less than the appropriation under subdivision 5, the commissioner of revenue shall calculate the percentage adjustment necessary so that the total of the aid under paragraph (a) equals the total amount available for aid under subdivision 5.

(c) If only a portion of a county is certified as eligible to receive aid under subdivision 2, the aid otherwise payable to that county under this section shall be multiplied by a fraction, the numerator of which is the area of the certified watershed district contained within the county and the denominator of which is the total area of the county.

(d) Any aid that would otherwise be paid to a county or portion of a county that is not certified under subdivision 2 shall be paid to the Board of Water and Soil Resources for the purpose of enforcing and implementing the riparian protection and water quality practices under section 103F.48.

Subd. 4. Payments. The commissioner of revenue must compute the amount of riparian protection aid payable to each eligible county and to the Board of Water and Soil Resources under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county in the following year. The commissioner shall pay riparian protection aid to counties and the Board of Water and Soil Resources in the same manner and at the same time as aid payments under section 477A.015.

Subd. 5. Appropriation. \$10,000,000 for aids payable in 2017 and each year thereafter is appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

**EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017 and thereafter.

Sec. 16. Laws 2001, First Special Session chapter 5, article 3, section 86, is amended to read:

**Sec. 86. RED RIVER WATERSHED MANAGEMENT BOARD; PAYMENT IN LIEU OF TAXES.**

(a) The Red River watershed management board may spend money from its general fund to compensate counties and townships for lost tax revenue from land that becomes tax exempt after it is acquired by the board or a member watershed district for flood damage reduction project. The

amount that may be paid under this section to a county or township must not exceed the tax that was payable to that taxing jurisdiction on the land in the last taxes payable year before the land became exempt due to the acquisition, not to exceed \$4 ~~\$5.133~~ per acre, multiplied by 20. This total amount may be paid in one payment, or in equal annual installments over a period that does not exceed 20 years. A member watershed district of the Red River management board may spend money from its construction fund for the purposes described in this section.

(b) For the purposes of this section, "Red River watershed management board" refers to the board established by Laws 1976, chapter 162, section 1, as amended by Laws 1982, chapter 474, section 1, Laws 1983, chapter 338, section 1, Laws 1989 First Special Session chapter 1, article 5, section 45, Laws 1991, chapter 167, section 1, and Laws 1998, chapter 389, article 3, section 29.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2016 and thereafter.

**Sec. 17. 2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that it received audited financial statements from the city for calendar year 2012 by December 31, 2013. The commissioner of revenue shall make a payment of \$37,473.50 with the first payment of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the general fund to the commissioner of revenue in fiscal year 2017 to make this payment.

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

**Sec. 18. 2014 AID PENALTY FORGIVENESS.**

(a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of Dundee, Jeffers, and Woodstock shall receive all of its calendar year 2014 aid payment that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the city complied with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2013 and 2014 by June 1, 2015.

(b) The commissioner of revenue shall make payment to each city no later than June 30, 2016. Up to \$101,570 is appropriated from the general fund to the commissioner of revenue in fiscal year 2017 to make the payments under this section.

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

**Sec. 19. BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

In the first aid payable year in which a city that incorporated on October 13, 2015, qualifies for aid under Minnesota Statutes, section 477A.013, subdivision 8, the city's formula aid in the previous year shall be deemed to equal \$115 multiplied by its population.

**EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

**Sec. 20. REPEALER.**

Minnesota Statutes 2014, section 477A.20, is repealed.

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

### ARTICLE 3

#### INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2014, section 136A.129, subdivision 3, is amended to read:

Subd. 3. **Program components.** (a) An intern must be an eligible student who has been admitted to a major program that is related to the intern experience as determined by the eligible institution.

(b) To participate in the program, an eligible institution must:

(1) enter into written agreements with eligible employers to provide internships that are at least eight weeks long and located in greater Minnesota; and

(2) provide academic credit for the successful completion of the internship or ensure that it fulfills requirements necessary to complete a vocational technical education program.

(c) To participate in the program, an eligible employer must enter into a written agreement with an eligible institution specifying that the intern:

(1) ~~would not have been hired without the tax credit described in subdivision 4;~~

(2) did not work for the employer in the same or a similar job prior to entering the agreement;

(3) ~~(2)~~ does not replace an existing employee;

(4) ~~(3)~~ has not previously participated in the program;

(5) ~~(4)~~ will be employed at a location in greater Minnesota;

(6) ~~(5)~~ will be paid at least minimum wage for a minimum of 16 hours per week for a period of at least eight weeks; and

(7) ~~(6)~~ will be supervised and evaluated by the employer.

(d) The written agreement between the eligible institution and the eligible employer must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total dollar amount of credits that an eligible institution certifies to eligible employers in a calendar year may not exceed the amount of its allocation under subdivision 4.

(e) Participating eligible institutions and eligible employers must report annually to the office. The report must include at least the following:

(1) the number of interns hired;

(2) the number of hours and weeks worked by interns; and

(3) the compensation paid to interns.

~~(f) An internship required to complete an academic program does not qualify for the greater Minnesota internship program under this section.~~

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 2. Minnesota Statutes 2015 Supplement, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2014 2015.

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

Sec. 3. Minnesota Statutes 2014, section 290.01, subdivision 7, is amended to read:

Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual.

(b) "Resident" also means any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless:

- (1) the individual or the spouse of the individual is in the armed forces of the United States; or
- (2) the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. A day does not qualify as a Minnesota day if the taxpayer traveled from a place outside of Minnesota primarily for and essential to obtaining medical care, as defined in Internal Revenue Code, section 213(d)(1)(A), in Minnesota for the taxpayer, spouse, or a dependent of the taxpayer and the travel expense is allowed under Internal Revenue Code, section 213(d)(1)(B), and is claimed by the taxpayer as a deductible expense. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

(c) In determining where an individual is domiciled, neither the commissioner nor any court shall consider:

(1) charitable contributions made by an individual within or without the state in determining if the individual is domiciled in Minnesota;

(2) the location of the individual's attorney, certified public accountant, or financial adviser; or

(3) the place of business of a financial institution at which the individual applies for any new type of credit or at which the individual opens or maintains any type of account.

(d) For purposes of this subdivision, the following terms have the meanings given them:

(1) "financial adviser" means:

(i) an individual or business entity engaged in business as a certified financial planner, registered investment adviser, licensed insurance producer or agent, or a registered securities broker-dealer representative; or

(ii) a financial institution providing services related to trust or estate administration, investment management, or financial planning; and

(2) "financial institution" means a financial institution as defined in section 47.015, subdivision 1; a state or nationally chartered credit union; or a registered broker-dealer under the Securities and Exchange Act of 1934.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015, except the amendment to paragraph (b) is effective for taxable years beginning after December 31, 2016.

Sec. 4. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 2014 2015, shall be in effect for taxable years beginning after December 31, 1996.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 5. Minnesota Statutes 2014, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

(B) the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends, including any dividends exempt under subitem (A), that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the state itemized deduction exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, minus any addition that would have been required under clause (17) if the taxpayer had claimed the standard deduction. For the purpose of this clause, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under clause (15);

(3) the capital gain amount of a lump-sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and taxes based on net income paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by under the dollar limits of section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(10) the amount of expenses disallowed under section 290.10, subdivision 2;

(11) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(12) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(13) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code;

(14) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);

(15) the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (17) if the taxpayer had claimed the standard deduction:

(i) the amount of disallowed itemized deductions is equal to the lesser of:

(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;

(ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

(16) the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the number of personal exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) \$150,000 in the case of a joint return or a surviving spouse;

(B) \$125,000 in the case of a head of a household;

(C) \$100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) \$75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

(17) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, 2014, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011, 2012, and 2013 under the Internal Revenue Code as amended through December 1, 2010.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize

deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, and "active service" includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) ~~in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of~~

~~a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause the section 179 expensing subtraction as provided under section 290.0803, subdivision 3;~~

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19a, clause (13);

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code;

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; and

~~(21) to the extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code.~~

(21) the amount equal to the contributions made during the taxable year to an account in a plan qualifying under section 529 of the Internal Revenue Code, reduced by any withdrawals from the account during the taxable year, not including amounts rolled over from other accounts in plans qualifying under section 529 of the Internal Revenue Code, and not to exceed \$3,000 for married couples filing joint returns and \$1,500 for all other filers. The subtraction must not include any amount used to claim the credit allowed under section 290.0684; and

(22) to the extent included in federal taxable income, the discharge of indebtedness of the taxpayer if the indebtedness discharged is a qualified education loan, as defined in section 221 of the

Internal Revenue Code, and the indebtedness was discharged following the taxpayer's completion of an income-driven repayment plan. For purposes of this clause, "income-driven repayment plan" means a payment plan established by the United States Department of Education that sets monthly student loan payments based on income and family size under United States Code, title 20, section 1087e, or similar authority and specifically includes, but is not limited to:

- (1) the income-based repayment plan under United State Code, title 20, section 1098e;
- (2) the income contingent repayment plan established under United State Code, title 20, section 1087e, subsection (e); and
- (3) the PAYE program or REPAYE program established by the Department of Education under administrative regulations.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 7. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(9) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of

the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(10) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(11) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(12) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(13) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by under the dollar limits of section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(14) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(15) the amount of expenses disallowed under section 290.10, subdivision 2; and

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 8. Minnesota Statutes 2014, section 290.01, subdivision 19d, is amended to read:

**Subd. 19d. Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(5) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(6) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(7) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(8) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under subdivision 19c, clause (1), in a prior taxable year;

(9) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(10) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(11) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(12) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

(13) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The resulting delayed depreciation cannot be less than zero;

~~(15) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the amount of the addition the section 179 expensing subtraction as provided under section 290.0803, subdivision 3;~~

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19c, clause (16); and

(17) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 9. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2014. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 10. Minnesota Statutes 2014, section 290.06, subdivision 22, is amended to read:

Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes based on net income to another state, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code, modified by the addition required by section 290.01, subdivision 19a, clause (1), and the subtraction allowed by section 290.01, subdivision 19b, clause (1), to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state by the taxpayer's Minnesota taxable income.

(d) (1) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state on the gross income earned within the other state subject to tax under this chapter.  
~~nor shall~~

~~(2) The allowance of the credit does not reduce the taxes paid under this chapter to an amount less than what would be assessed if such income amount was the gross income earned within the other state were excluded from taxable net income.~~

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation treated as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to another state. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income.

(i) For the purposes of this subdivision, "another state":

(1) includes:

- (i) the District of Columbia; and
  - (ii) a province or territory of Canada; but
- (2) excludes Puerto Rico and the several territories organized by Congress.
- (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state by state basis.

(k) For a tax imposed by a province or territory of Canada, the tax for purposes of this subdivision is the excess of the tax over the amount of the foreign tax credit allowed under section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit allowed, the net income taxes imposed by Canada on the income are deducted first. Any remaining amount of the allowable foreign tax credit reduces the provincial or territorial tax that qualifies for the credit under this subdivision.

(l) If the amount of the credit which a qualifying individual is eligible to receive under this section for tax paid to a qualifying state, disregarding the limitation in paragraph (d), clause (2), exceeds the tax due under this chapter, the commissioner shall refund the excess to the individual. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

For purposes of this paragraph, "qualifying individual" means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received compensation during the taxable year for the performance of personal or professional services within a qualifying state, and "qualifying state" means a state with which an agreement under section 290.081 is not in effect for the taxable year but was in effect for a taxable year beginning before January 1, 2010.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 11. Minnesota Statutes 2014, section 290.067, subdivision 1, is amended to read:

**Subdivision 1. Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code ~~subject to the limitations provided in subdivision 2~~ except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

(e) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.01, subdivision 19b, clause (9), the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

(f) For residents of Minnesota, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

(g) For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(h) For taxpayers with federal adjusted gross income in excess of \$38,000, the credit is equal to the lesser of the credit otherwise calculated under this subdivision or the amount equal to the credit otherwise calculated under this subdivision minus ten percent of federal adjusted gross income in excess of \$38,000, but in no case is the credit less than zero. For purposes of this paragraph, "federal adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 12. Minnesota Statutes 2014, section 290.067, subdivision 2b, is amended to read:

Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of the income threshold at which the maximum credit begins to be reduced under subdivision 2 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "1999" "2015" shall be substituted for the word "1992." For 2001 2017, the commissioner shall then determine the percent change from the 12 months ending on August 31, 1999 2015, to the 12 months ending on August 31, 2000 2016, and in each subsequent year, from the 12 months ending on August 31, 1999 2015, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 13. Minnesota Statutes 2015 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code, except that:

(i) the earned income and adjusted gross income limitations of section 32 of the Internal Revenue Code do not apply; and

(ii) a taxpayer with no qualifying children who has attained the age of 21 but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit.

(b) For individuals with no qualifying children, the credit equals 2.10 three percent of the first \$6,180 \$6,500 of earned income. The credit is reduced by 2.01 three percent of earned income or adjusted gross income, whichever is greater, in excess of \$8,130 \$12,000, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 9.35 12.71 percent of the first \$11,120 \$8,350 of earned income. The credit is reduced by 6.02 5.2 percent of earned income or adjusted gross income, whichever is greater, in excess of \$21,190 \$21,620, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals 11 14.94 percent of the first \$18,240 \$13,700 of earned income. The credit is reduced by 10.82 9.2 percent of earned income or adjusted gross income, whichever is greater, in excess of \$25,130 \$25,640, but in no case is the credit less than zero.

(e) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the

earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the \$8,130 \$12,000 in paragraph (b), the \$21,190 \$21,620 in paragraph (c), and the \$25,130 \$25,640 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008 2017, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008 2017, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h)(1) For tax years beginning after December 31, 2012, and before January 1, 2014, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for married taxpayers filing joint returns; and (2) For tax years beginning after December 31, 2013 2015, and before January 1, 2018, the \$8,130 \$12,000 in paragraph (b), the \$21,190 \$21,620 in paragraph (c), and the \$25,130 \$25,640 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2013 2015, and before January 1, 2018, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010 2015, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 14. Minnesota Statutes 2014, section 290.0671, subdivision 7, is amended to read:

Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate the credit and the income thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013" "2015" shall be substituted for the word "1992." For ~~2015~~ 2017, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2013 2015, to the 12 months ending on August 31, ~~2014~~ 2016, and in each subsequent year, from the 12 months ending on August 31, 2013 ~~2015~~, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 15. Minnesota Statutes 2014, section 290.0674, subdivision 2, is amended to read:

Subd. 2. **Limitations.** (a) For claimants with income not greater than \$33,500, the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying children in kindergarten through grade 12 in the family. The maximum credit for families with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of household income over \$33,500, and the maximum credit for families with two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of household income over \$33,500, but in no case is the credit less than zero.

For purposes of this section "income" has the meaning given in ~~section 290.067~~, subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

(b) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 16. Minnesota Statutes 2014, section 290.0674, is amended by adding a subdivision to read:

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m), of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvi) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) surplus food or other relief in kind supplied by a governmental agency;

(4) relief granted under chapter 290A;

(5) child support payments received under a temporary or final decree of dissolution or legal separation; and

(6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 17. Minnesota Statutes 2014, section 290.0677, subdivision 1a, is amended to read:

Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed a credit against the tax imposed under this chapter for past military service. The credit equals \$750 \$1,000. The credit allowed under this subdivision is reduced by ten percent of adjusted gross income in excess of \$30,000 \$50,000, but in no case is the credit less than zero.

(b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 18. Minnesota Statutes 2014, section 290.068, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b) shall apply. If there are inadequate records or the records are unavailable to compute or verify the base percentage, a fixed base percentage of 16 percent must be used.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 19. **[290.0682] CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S LICENSURE FIELD.**

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

(b) "Master's degree program" means a graduate-level program at an accredited university leading to a master of arts or science degree in a core content area directly related to a qualified teacher's licensure field. The master's degree program may not include pedagogy or a pedagogy component. To be eligible under this credit, a licensed elementary school teacher must pursue and complete a master's degree program in a core content area in which the teacher provides direct classroom instruction.

(c) "Qualified teacher" means a K-12 teacher who:

(1) holds a continuing license granted by the Minnesota Board of Teaching both when the teacher begins the master's degree program and when the teacher completes the master's degree program;

(2) began a master's degree program after June 30, 2016; and

(3) completes the master's degree program during the taxable year.

(d) "Core content area" means the academic subject of reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography.

**Subd. 2. Credit allowed.** (a) An individual who is a qualified teacher is allowed a credit against the tax imposed under this chapter. The credit equals \$2,500.

(b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(c) A qualified teacher may claim the credit in this section only one time for each master's degree program completed in a core content area.

**Subd. 3. Credit refundable.** (a) If the amount of the credit for which an individual is eligible exceeds the individual's liability for tax under this chapter, the commissioner shall refund the excess to the individual.

(b) The amount necessary to pay the refunds required by this section is appropriated to the commissioner from the general fund.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

**Sec. 20. [290.0683] STUDENT LOAN CREDIT.**

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

(b) "Adjusted gross income" means federal adjusted gross income as defined in section 62 of the Internal Revenue Code. In the case of a married couple filing jointly, "adjusted gross income" means the adjusted gross income of the taxpayer and spouse.

(c) "Earned income" has the meaning given in section 32(c) of the Internal Revenue Code, except that "earned income" includes combat pay excluded from federal taxable income under section 112 of the Internal Revenue Code.

(d) "Education profession" means:

(1) a full-time job in public education; early childhood education, including licensed or regulated child care, Head Start, and state-funded prekindergarten; school-based library sciences; and other school-based services; or

(2) a full-time job as a faculty member at a tribal college or university as defined in section 1059c(b) of the Internal Revenue Code, and other faculty teaching in high-needs subject areas or areas of shortage, including nurse faculty, foreign language faculty, and part-time faculty at community colleges, as determined by the United States Secretary of Education.

(e) "Eligible individual" means an individual who has one or more qualified education loans related to an undergraduate or graduate degree program of the individual at a postsecondary educational institution.

(f) "Eligible loan payments" means the amount the eligible individual paid during the taxable year to pay principal and interest on qualified education loans.

(g) "Postsecondary educational institution" means a postsecondary institution eligible for state student aid under section 136A.103 or, if the institution is not located in this state, a postsecondary institution participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(h) "Public service job" means a full-time job in emergency management; government, excluding time served as a member of Congress; military service; public safety; law enforcement; public health, including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations, as such terms are defined by the Bureau of Labor Statistics; social work in a public child or family service agency; public interest law services including prosecution or public defense or legal advocacy on behalf of low-income communities at a nonprofit organization; public service for individuals with disabilities or public service for the elderly; public library sciences; or at an organization that is described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) of the Internal Revenue Code.

(i) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax due under this chapter. The credit equals a percentage of eligible loan payments in excess of ten percent of adjusted gross income, up to \$1,000, as follows:

(1) for eligible individuals, 50 percent;

(2) for eligible individuals in a public service job, 65 percent; and

(3) for eligible individuals in an education profession, 75 percent.

(b) The credit must not exceed the eligible individual's earned income for the taxable year.

(c) In the case of a married couple filing a joint return, each spouse is eligible for the credit in this section.

(d) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(e) An eligible individual may receive the credit under this section without regard to the individual's eligibility for the public service loan forgiveness program under United States Code, title 20, section 1087e(m).

Subd. 3. **Credit refundable.** If the amount of credit that an individual who is a resident or part-year resident of Minnesota is eligible to receive under this section exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual. For a nonresident taxpayer, the credit may not exceed the taxpayer's liability for tax under this chapter.

Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 21. **[290.0684] SECTION 529 COLLEGE SAVINGS PLAN CREDIT.**

Subdivision 1. **Definitions.** For purposes of this section, the term "federal adjusted gross income" has the meaning given under section 62(a) of the Internal Revenue Code, and "nonqualified distribution" means any distribution that is includable in gross income under section 529 of the Internal Revenue Code.

Subd. 2. **Credit allowed.** (a) A credit of up to \$500 is allowed to a resident individual against the tax imposed by this chapter, subject to the limitations in paragraph (b). The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code.

(b) The credit allowed must be calculated by applying the following rates to the amount contributed to an account in a plan qualifying under section 529 of the Internal Revenue Code, in a taxable year, reduced by any withdrawals from the account made during the taxable year, and not including any amounts rolled over from other accounts in plans qualifying under section 529 of the Internal Revenue Code:

(1) 50 percent for individual filers and married couples filing a joint return who have federal adjusted gross income of not more than \$80,000;

(2) 25 percent for married couples filing a joint return who have federal adjusted gross income over \$80,000, but not more than \$100,000;

(3) ten percent for married couples filing a joint return who have federal adjusted gross income over \$100,000, but not more than \$120,000; and

(4) five percent for married couples filing a joint return who have federal adjusted gross income over \$120,000, but not more than \$160,000.

(c) The income thresholds in paragraph (b), clauses (1) to (4), used to calculate the credit, must be adjusted for inflation. The commissioner shall adjust by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2015" is substituted for the word "1992." For 2017, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2015, to the 12 months ending on August 31, 2016, and in each subsequent year, from the 12 months ending on August 31, 2015, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as

adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act including section 14.386.

Subd. 3. Credit refundable. If the amount of credit that an individual is eligible to receive under this section exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual.

Subd. 4. Allocation. For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 5. Recapture of credit. In the case of a nonqualified distribution, the taxpayer is liable to the commissioner for the lesser of: ten percent of the amount of the nonqualified distribution, or the sum of credits received under this section for all years.

Subd. 6. Appropriation. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

**Sec. 22. [290.0803] SECTION 179 EXPENSING SUBTRACTION.**

Subdivision 1. Current year allowance. (a) In each of the five tax years immediately following the tax year in which an addition is required under section 290.01, subdivision 19a, clause (8), or 19c, clause (13), the current year allowance equals one-fifth of the addition made by the taxpayer under section 290.01, subdivision 19a, clause (8), or 19c, clause (13).

(b) In the case of a shareholder of a corporation that is an S corporation, the current year allowance is reduced by the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition and, if the net operating loss exceeds the addition for the tax year, the current year allowance is zero.

Subd. 2. Section 179 expensing carryover. For purposes of this section, the current year allowance determined under subdivision 1 is considered to be the last modification allowed under section 290.01, subdivision 19b or 19d, in determining net income. If the amount allowed under subdivision 1 exceeds net income computed without regard to the current year allowance, then the excess is a section 179 expensing carryover to each of the ten succeeding taxable years. The entire amount of the section 179 expensing carryover is carried first to the earliest taxable year to which the section 179 expensing carryover may be carried and then to each successive year to which the section 179 expensing carryover may be carried.

Subd. 3. Section 179 expensing subtraction. A taxpayer is allowed a section 179 expensing subtraction from federal taxable income under section 290.01, subdivision 19b or 19d. The subtraction equals the sum of:

(1) the current year allowance determined under subdivision 1; and

(2) any section 179 expensing carryover from prior taxable years determined under subdivision 2.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 23. Minnesota Statutes 2014, section 290.091, subdivision 2, is amended to read:

**Subd. 2. Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), and (11) to (14);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (14), (16), and ~~(21)~~ (22); and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 24. Minnesota Statutes 2015 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2014 2015.

**EFFECTIVE DATE.** This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2015, and rent paid after December 31, 2014.

Sec. 25. Minnesota Statutes 2015 Supplement, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, 2014 2015.

(4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included in the estate which has its situs outside Minnesota, and (b) including any property omitted from the federal gross estate which is includable in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply to determinations of domicile under this chapter.

(8) "Situs of property" means, with respect to:

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed;

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property, including qualified works of art, is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(9) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is includable in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after December 31, 2015.

Sec. 26. Minnesota Statutes 2014, section 291.03, is amended by adding a subdivision to read:

**Subd. 12. Certain dispositions to government entities.** Notwithstanding any provision of this section, no taxpayer is disqualified for the subtraction provided under section 291.016, subdivision 3, nor is any taxpayer liable for the recapture tax provided in subdivision 11, solely because the state, any local government unit, or any other entity that has the power of eminent domain acquires title or possession of the land for a public purpose within the three-year holding period.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

**Sec. 27. AMENDED RETURNS.**

**Subdivision 1. Certain IRA rollovers.** An individual who excludes an amount from net income in a prior taxable year through rollover of an airline payment amount to a traditional IRA, as authorized under Public Law 114-113, division Q, title III, section 307, may file an amended individual income tax return and claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by September 1, 2016.

**Subd. 2. Exclusion for certain incarcerated individuals.** An individual who excludes from net income in a prior taxable year civil damages, restitution, or other monetary award received as compensation for a wrongful incarceration, as authorized under Public Law 114-113, division Q, title III, section 304, may file an amended individual income tax return and claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by September 1, 2016.

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

**Sec. 28. ESTATE TAX REVIEW; TEMPORARY LIMIT ON ASSESSMENTS.**

(a) The commissioner of revenue shall:

(1) review the estate tax's definition of qualified farm property and its linkage to the property tax classification of the property during the three-year period following the death of the decedent; and

(2) by February 1, 2017, report to the committees of the house of representatives and the senate with jurisdiction over taxes on alternative methods of ensuring that the use of the property by qualified heirs during the three-year period after the decedent's death is consistent with the purpose of limiting the subtraction to properties where its use continues that of the decedent without any material change in its use by the qualified heirs and its ownership is consistent with maintaining family ownership of the farm.

(b) Prior to June 1, 2017, the commissioner of revenue shall not assess recapture tax under Minnesota Statutes, section 291.03, subdivision 11, for a change in the property tax classification of agricultural homestead property if the following conditions are satisfied:

(1) the property is held in a trust of which the surviving spouse is a beneficiary; and

(2) the property receives partial homestead classification because a beneficiary of the trust is the owner of another agricultural homestead.

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

**Sec. 29. INDIVIDUAL INCOME TAX COLLECTION ACTION PROHIBITED.**

Notwithstanding any law to the contrary, the commissioner of revenue shall not increase the amount due or decrease the refund for an individual income tax return for the taxable year beginning after December 31, 2014, and before January 1, 2016, to the extent the amount due was understated or the refund was overstated because the taxpayer calculated the tax or refund based on the Internal Revenue Code, as amended through December 31, 2014, rather than based on the Internal Revenue Code, as amended through December 31, 2015, as provided in this act.

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

**Sec. 30. REPEALER.**

Minnesota Statutes 2014, section 290.067, subdivisions 2 and 2a, are repealed.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

## ARTICLE 4

### SALES AND USE TAXES

Section 1. Minnesota Statutes 2014, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

- (1) prepared food sold by the retailer;
- (2) soft drinks;
- (3) candy;
- (4) dietary supplements; and
- (5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

- (i) public roads;
- (ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

(m) The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event includes all charges included in the privilege of admission's sales price, without deduction for amenities that may be provided, unless the amenities are separately stated and the purchaser of the privilege of admission is entitled to add or decline the amenities, and the amenities are not otherwise taxable.

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

Sec. 2. Minnesota Statutes 2014, section 297A.66, subdivision 1, is amended to read:

**Subdivision 1. Definitions.** (a) To the extent allowed by the United States Constitution and the laws of the United States, "retailer maintaining a place of business in this state," or a similar term, means a retailer:

(1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an office, place of distribution, sales, storage, or sample room or place, warehouse, or other place of business, including the employment of a resident of this state who works from a home office in this state; or

(2) having a representative, including, but not limited to, an affiliate, agent, salesperson, canvasser, or marketplace provider, solicitor, or other third party operating in this state under the authority of the retailer or its subsidiary, for any purpose, including the repairing, selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for the retailer's goods or services, or the leasing of tangible personal property located in this state, whether the place of business or agent, representative, affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or whether or not the retailer, subsidiary, or affiliate is authorized to do business in this state. A retailer is represented by a marketplace provider in this state if the retailer makes sales in this state facilitated by a marketplace provider that maintains a place of business in this state.

(b) "Destination of a sale" means the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser. The delivery may be made by any means, including the United States Postal Service or a for-hire carrier.

(c) "Marketplace provider" means any person who facilitates a retail sale by a retailer by:

(1) listing or advertising for sale by the retailer in any forum, tangible personal property, services, or digital goods that are subject to tax under this chapter; and

(2) either directly or indirectly through agreements or arrangements with third parties collecting payment from the customer and transmitting that payment to the retailer regardless of whether the marketplace provider receives compensation or other consideration in exchange for its services.

(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible goods, services, and digital goods subject to sales and use tax under this chapter.

Sec. 3. Minnesota Statutes 2014, section 297A.66, subdivision 2, is amended to read:

**Subd. 2. Retailer maintaining place of business in this state.** (a) Except as provided in paragraph (b), a retailer maintaining a place of business in this state who makes retail sales in Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them to the commissioner under section 297A.77.

(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000 in the 12-month period ending on the last day of the most recently completed calendar quarter is not required to collect and remit sales tax if it is determined to be a retailer maintaining a place of business in the state solely because it made sales through one or more marketplace providers. The provisions of this paragraph do not apply to a retailer that is or was registered to collect sales and use tax in this state.

Sec. 4. Minnesota Statutes 2014, section 297A.66, subdivision 4, is amended to read:

**Subd. 4. Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes of subdivision 1, paragraph (a), if the entity:

(1) the entity uses its facilities or employees in this state to advertise, promote, or facilitate the establishment or maintenance of a market for sales of items by the retailer to purchasers in this state or for the provision of services to the retailer's purchasers in this state, such as accepting returns of purchases for the retailer, providing assistance in resolving customer complaints of the retailer, or providing other services; and

(2) the retailer and the entity are related parties, has the same or a similar business name to the retailer and sells, from a location or locations in this state, tangible personal property, digital goods, or services, taxable under this chapter, that are similar to that sold by the retailer;

(3) maintains an office, distribution facility, salesroom, warehouse, storage place, or other similar place of business in this state to facilitate the delivery of tangible personal property, digital goods, or services sold by the retailer to its customers in this state;

(4) maintains a place of business in this state and uses trademarks, service marks, or trade names in this state that are the same or substantially similar to those used by the retailer, and that use is done with the express or implied consent of the holder of the marks or names;

(5) delivers, installs, or assembles tangible personal property in this state, or performs maintenance or repair services on tangible personal property in this state, for tangible personal property sold by the retailer;

(6) facilitates the delivery of tangible personal property to customers of the retailer by allowing the customers to pick up tangible personal property sold by the retailer at a place of business the entity maintains in this state; or

(7) shares management, business systems, business practices, or employees with the retailer, or engages in intercompany transactions with the retailer related to the activities that establish or maintain the market in this state of the retailer.

(b) Two entities are related parties under this section if one of the entities meets at least one of the following tests with respect to the other entity:

(1) one or both entities is a corporation, and one entity and any party related to that entity in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code owns directly, indirectly, beneficially, or constructively at least 50 percent of the value of the corporation's outstanding stock;

(2) one or both entities is a partnership, estate, or trust and any partner or beneficiary, and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital, stock, or value of the other entity or both entities; or

(3) an individual stockholder and the members of the stockholder's family (as defined in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially, or constructively, in the aggregate, at least 50 percent of the value of both entities' outstanding stock; or

(4) the entities are related within the meaning of subsections (b) and (c) of section 267 or 707(b)(1) of the Internal Revenue Code; or

(5) the entities have one or more ownership relationships and the relationships were designed with a principal purpose of avoiding the application of this section.

(c) An entity is an affiliate under the provisions of this subdivision if the requirements of paragraphs (a) and (b) are met during any part of the 12-month period ending on the first day of the month before the month in which the sale was made.

Sec. 5. Minnesota Statutes 2014, section 297A.66, is amended by adding a subdivision to read:

**Subd. 4b. Collection and remittance requirements for marketplace providers and marketplace sellers.** (a) A marketplace provider shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer, and is subject to audit on the retail sales it facilitates unless the retailer either:

(1) provides a copy of the retailer's registration to collect sales and use tax in this state to the marketplace provider before the marketplace provider facilitates a sale; or

(2) upon inquiry by the marketplace provider or its agent, the commissioner discloses that the retailer is registered to collect sales and use taxes in this state.

(b) Nothing in this subdivision shall be construed to interfere with the ability of a marketplace provider and a retailer to enter into an agreement regarding fulfillment of the requirements of this chapter.

(c) A marketplace provider is not liable under this subdivision for failure to file and collect and remit sales and use taxes if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does not apply if the marketplace provider and the marketplace seller are related as defined in subdivision 4, paragraph (b).

Sec. 6. Minnesota Statutes 2014, section 297A.67, subdivision 7a, is amended to read:

Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the effective use of durable medical equipment for home use only or purchased in a transaction covered by Medicare or, Medicaid, or other health insurance plan, that are not already exempt under subdivision 7, are exempt. Accessories and supplies for the effective use of a prosthetic device, that are not already exempt under subdivision 7, are exempt. For purposes of this subdivision "durable medical equipment," "prosthetic device," "Medicare," and "Medicaid" have the definitions given in subdivision 7, and "other health insurance plan" means a health plan defined in section 62A.011, subdivision 3, or 62V.02, subdivision 4, or a qualified health plan defined in section 62A.011, subdivision 7.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 7. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision to read:

Subd. 34. **Suite licenses.** The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not include consideration paid for a license to use a private suite, private skybox, or private box seat provided that: (1) the lessee may use the private suite, private skybox, or private box seat by mutual arrangement with the lessor on days when there is no amusement or athletic event; and (2) the sales price for the privilege of admission is separately stated and is equal to or greater than the highest priced general admission ticket for the closest seat not in the private suite, private skybox, or private box seat.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 8. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision to read:

Subd. 35. **Stadium builder's licenses.** The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), does not include consideration paid for a stadium builder's license authorized under section 473J.15, subdivision 14.

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

Sec. 9. Minnesota Statutes 2014, section 297A.68, subdivision 9, is amended to read:

Subd. 9. **Super Bowl admissions and related events.** (a) The granting of the privilege of admission to a world championship football game sponsored by the National Football League is and to related events sponsored by the National Football League or its affiliates, or the Minnesota Super Bowl Host Committee, are exempt.

(b) The sale of nonresidential parking by the National Football League for attendance at a world championship football game sponsored by the National Football League and for related events sponsored by the National Football League or its affiliates, or the Minnesota Super Bowl Host Committee, is exempt.

(c) For the purposes of this subdivision:

(1) "related events sponsored by the National Football League or its affiliates" includes but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL On Location, and NFL House; and

(2) "affiliates" does not include National Football League teams.

**EFFECTIVE DATE.** The amendments to this section are effective for sales and purchases made after June 30, 2016, and before March 1, 2018.

Sec. 10. Minnesota Statutes 2014, section 297A.70, subdivision 14, is amended to read:

**Subd. 14. Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible personal property or services at, and admission charges for fund-raising events sponsored by, a nonprofit organization are exempt if:

(1) all gross receipts are recorded as such, in accordance with generally accepted accounting practices, on the books of the nonprofit organization; and

(2) the entire proceeds, less the necessary expenses for the event, will be used solely and exclusively for charitable, religious, or educational purposes. Exempt sales include the sale of prepared food, candy, and soft drinks at the fund-raising event.

(b) This exemption is limited in the following manner:

(1) it does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities;

(2) all gross receipts are taxable if the profits are not used solely and exclusively for charitable, religious, or educational purposes;

(3) it does not apply unless the organization keeps a separate accounting record, including receipts and disbursements from each fund-raising event that documents all deductions from gross receipts with receipts and other records;

(4) it does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation;

(5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

(6) it does not apply to fund-raising events conducted on premises leased for more than five ten days but less than 30 days; and

(7) it does not apply if the risk of the event is not borne by the nonprofit organization and the benefit to the nonprofit organization is less than the total amount of the state and local tax revenues forgone by this exemption.

(c) For purposes of this subdivision, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans' purposes, no part of the net earnings of which inures to the benefit of a private individual.

(d) For purposes of this subdivision, "fund-raising events" means activities of limited duration, not regularly carried out in the normal course of business, that attract patrons for community, social,

and entertainment purposes, such as auctions, bake sales, ice cream socials, block parties, carnivals, competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals, galas, special event workshops, sporting activities such as marathons and tournaments, and similar events. Fund-raising events do not include the operation of a regular place of business in which services are provided or sales are made during regular hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or other activities carried out in the normal course of business.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 11. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 49. Siding production facility materials. Building materials and supplies for constructing a siding production facility that can produce at least 400,000,000 square feet of siding per year are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 12. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 50. Properties destroyed by fire. Building materials and supplies used in, and equipment incorporated into, the construction or replacement of real property that is located in Madelia affected by the fire on February 3, 2016, are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016, and before July 1, 2018.

Sec. 13. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 51. Former Duluth Central High School. Materials and supplies used in and equipment incorporated into a private redevelopment project on the site of the former Duluth Central High School are exempt, provided the resulting development is subject to property taxes. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. The commissioner must not pay more than \$5,000,000 in refunds for purchases exempt under this section. Refunds must be processed and issued in the order that complete and accurate applications are received by the commissioner.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016, and before January 1, 2018.

Sec. 14. Minnesota Statutes 2014, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- (11) materials, supplies, and equipment for construction, improvement, or expansion of:
  - (i) an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42;
  - (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
  - (iii) a research and development facility exempt under section 297A.71, subdivision 46; and
  - (iv) an industrial measurement manufacturing and controls facility exempt under section 297A.71, subdivision 47;
- (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44;
- (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); and
- (15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;
- (16) building materials and supplies for constructing a siding facility exempt under section 297A.71, subdivision 49;
- (17) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 50; and
- (18) materials and supplies used in and equipment incorporated into a private redevelopment project exempt under section 297A.71, subdivision 51.

**EFFECTIVE DATE.** Clause (16) is effective for sales and purchases made after June 30, 2016. Clause (17) is effective for sales and purchases made after June 30, 2016, and before July 1, 2018. Clause (18) is effective for sales and purchases made after June 30, 2016, and before January 1, 2018.

Sec. 15. Minnesota Statutes 2014, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

- (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;
- (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;
- (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;
- (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;
- (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;
- (7) for subdivision 1, clauses (8), (11), (12), and (15), and (16), the owner of the qualifying business; and
- (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental entity that owns or contracts for the project or facility; and
- (9) for subdivision 1, clauses (17) and (18), the applicant must be the owner or developer of the building or project.

**EFFECTIVE DATE.** The change to clause (7) is effective for sales and purchases made after June 30, 2016. Clause (9) is effective for sales and purchases made after June 30, 2016, and before July 1, 2018, as it pertains to Minnesota Statutes, section 297A.71, subdivision 1, clause (17), and for sales and purchases made after June 30, 2016, and before January 1, 2018, as it pertains to Minnesota Statutes, section 297A.71, subdivision 1, clause (18).

Sec. 16. Minnesota Statutes 2014, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (13), or (15); to (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 17. Minnesota Statutes 2014, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to the revenues, including interest and penalties, collected under this section, during the fiscal year; less \$32,000,000 in each fiscal year.

(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the net revenue for the current fiscal year.

(c) On or after July 1 of the subsequent fiscal year, the commissioner of management and budget shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:

(1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause; and

(2) the remainder to the greater Minnesota transit account.

(d) The revenues deposited under this subdivision do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

Sec. 18. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5, section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism

and recreational activities in that portion of the city west of 34th 14th Avenue West and the area south of and including Skyline Parkway.

(c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of issuance and any premiums. The proceeds may be used to finance capital improvements to public facilities that support tourism and recreational activities in the portion of the city west of 34th 14th Avenue West and the area south of and including Skyline Parkway, as described in paragraph (b). The issuance of the bonds is subject to the provisions of Minnesota Statutes, chapter 475, except no election shall be required unless required by the city charter. The bonds shall not be included in computing net debt. The revenues from the taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws 2014, chapter 308, article 3, section 22, is amended to read:

**Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th 14th Avenue West and the area south of and including Skyline Parkway.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and Laws 2009, chapter 88, article 4, section 14, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of

the expenses of constructing and improving facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, a technology center and related educational facilities, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, for use by Minnesota State University, Mankato.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and subject to voter approval at a general election held before December 31, 2018; provided that the sales tax in the city of North Mankato is also extended at the same general election, the city may by ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000, plus associated bond costs, to pay all or a portion of the expenses of the following capital projects:

- (1) construction and improvements to regional recreational facilities including existing hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal swimming pool including improvements to make the pool compliant with the Americans with Disabilities Act, and indoor regional athletic facilities;
- (2) improvements to flood control and the levee system;
- (3) water quality improvement projects in Blue Earth and Nicollet Counties;
- (4) expansion of the regional transit building and related multimodal transit improvements;
- (5) regional public safety and emergency communications improvements and equipment; and
- (6) matching funds for improvements to publicly owned regional facilities including a historic museum, supportive housing, and a senior center.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 21. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366, article 7, section 10, is amended to read:

**Subd. 4. Expiration of taxing authority and expenditure limitation.** The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire on at the earlier of when revenues are sufficient to pay off the bonds, including interest and all other associated bond costs authorized under subdivision 5, or December 31, 2022, unless the additional uses under subdivision 3, paragraph (b) or (c), are authorized. If the additional use allowed in subdivision 3, paragraph (b), is authorized, the taxes expire at the earlier of when revenues are sufficient to pay off the bonds, including interest and all other associated bond costs authorized under subdivision 5, or December 31, 2038.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 22. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related facilities shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

(b) The city of Mankato, subject to voter approval at the election required under subdivision 3, paragraph (b), may issue general obligation bonds of the city in an amount not to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds under this paragraph shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The city may use tax revenue in excess of one year's principal interest reserve for intended annual bond payments to pay all or a portion of the cost of capital improvements authorized in subdivision 3.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 23. Laws 1991, chapter 291, article 8, section 27, subdivision 6, is amended to read:

Subd. 6. **Reverse referendum; authorization of extension.** (a) If the Mankato city council intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to ten percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991. This subdivision applies notwithstanding any city charter provision to the contrary.

(b) If the Mankato city council wishes to extend the taxes authorized under subdivisions 1 and 2 to fund any of the projects listed in subdivision 3, paragraph (b), the city must pass a resolution extending the taxes before July 1, 2016. The tax may not be imposed unless approved by the voters.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 24. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7, article 4, section 4, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to pay the cost of collection of the tax and to meet the costs, including principal, interest, and premiums of bonds used in the finance of:

- (1) extending a sewer interceptor line;
- (2) construction of a booster pump station, reservoirs, and related improvements to the water system; and
- (3) construction of a building containing a police and fire station and an administrative services facility; and
- (4) construction and equipping of a regional, multiuse wellness center.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

(c) The tax imposed in paragraph (a) may only be used to fund projects listed in paragraph (a), clause (4), if approved by the local voters at the November 8, 2016, general election. Revenue raised from the tax imposed under this subdivision in every year must first be used to meet obligations in that year related to the projects in paragraph (a), clauses (1) to (3), with excess revenues available to fund the projects in paragraph (a), clause (4).

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws 2006, chapter 259, article 3, section 4, is amended to read:

Subd. 4. **Termination.** The tax authorized under this section terminates on March 31, 2026, unless the additional use under subdivision 1, paragraph (a), is approved as required under subdivision 1, paragraph (c). If the additional project is approved as required under subdivision 1, paragraph (c), the tax authorized under this section terminates at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council first determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs for the uses specified in subdivision 1, paragraph (a). Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 26. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws 2008, chapter 366, article 7, section 12, is amended to read:

Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election held November 2, 1999, the city of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

(b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional sales and use tax of up to one-half of one percent as approved by the voters at the November 4, 2014, general election. The revenues received from the additional tax must be used for the purposes specified in subdivision 3, paragraph (b).

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, but only if the local approval requirement under section 10 is also met.

Sec. 27. Laws 2008, chapter 366, article 7, section 20, is amended to read:

**Sec. 20. CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of North Mankato may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project;
- (2) development of regional parks and hiking and biking trails, including construction of indoor regional athletic facilities;
- (3) expansion of the North Mankato Taylor Library;
- (4) riverfront redevelopment; and
- (5) lake improvement projects.

The total amount of revenues from the tax in subdivision 1 that may be used to fund these projects is \$6,000,000 plus any associated bond costs.

(b) If the city extends the tax as authorized under subdivision 2a, the total amount that may be used to fund these projects is increased by \$9,000,000, plus associated bond costs.

Subd. 2a. Authorization to extend the tax. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated bond costs, to fund the projects in subdivision 2, paragraph (a), if approved by the voters at a general election held before December 31, 2018; provided that the sales tax in the city of Mankato is also extended at the same general election.

Subd. 3. Bonds. (a) The city of North Mankato, pursuant to the approval of the voters at the November 7, 2006 referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, paragraph (a), in an amount that does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) (c) The city of North Mankato, subject to the referendum in subdivision 2a, allowing for additional revenue to be spent for the projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for those projects in an amount that does not exceed \$9,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) (c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires when the city council determines that the amount of revenues received from the taxes to pay for the projects under subdivision 2, paragraph (a), first equals or exceeds \$6,000,000 plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds, unless the tax is extended as allowed in this section. If the tax is extended as allowed under the referendum under subdivision 2a, the tax expires at the earlier of December 31, 2038, or when revenues from the taxes first equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to issuance of bonds under subdivision 3, including interest. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 28. CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at a special election on March 7, 2016, the city of East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of East Grand Forks to pay the costs of collecting and

administering the tax and to finance the capital and administrative costs of improvement to the city public swimming pool. Authorized expenses include, but are not limited to, paying construction expenses related to the renovation and the development of these facilities and improvements, and securing and paying debt service on bonds issued under subdivision 3 or other obligations issued to finance improvement of the public swimming pool in the city of East Grand Forks

Subd. 3. Bonding authority. (a) The city of East Grand Forks may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of East Grand Forks, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the later of: (1) five years after the tax is first imposed; or (2) when the city council determines that \$2,820,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after compliance by the governing body of the city of East Grand Forks with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 29. CITY OF MARSHALL; VALIDATION OF PRIOR ACT.**

(a) Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Marshall may approve Laws 2011, First Special Session chapter 7, article 4, section 14, and file its approval with the secretary of state by June 15, 2013. If approved as authorized under this paragraph, actions undertaken by the city as approved by the voters on November 6, 2012, and otherwise in accordance with Laws 2011, First Special Session chapter 7, article 4, section 14, are validated.

(b) Notwithstanding the time limit on the imposition of tax under Laws 2011, First Special Session chapter 7, article 4, section 14, and subject to local approval under paragraph (a), the city of Marshall may impose the tax on or before July 1, 2013.

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

**Sec. 30. CERTAIN REIMBURSEMENT AUTHORIZED; CONSIDERED OPERATING OR CAPITAL EXPENSES.**

Subdivision 1. Reimbursement authorized. (a) An amount equivalent to the taxes paid under Minnesota Statutes, chapter 297A, and any local taxes administered by the Department of Revenue, on purchases of tangible personal property, nonresidential parking services, and lodging, as these terms are defined in Minnesota Statutes, chapter 297A, used and consumed in connection

with Super Bowl LII or related events sponsored by the National Football League or its affiliates, will be reimbursed by the Minnesota Sports Facilities Authority up to \$1,600,000, if made after June 30, 2016, and before March 1, 2018. Only purchases made by the Minnesota Super Bowl Host Committee, the National Football League or its affiliates, or their employees or independent contractors, qualify to be reimbursed under this section.

(b) For purposes of this subdivision:

(1) "employee or independent contractor" means only those employees or independent contractors that make qualifying purchases that are reimbursed by the Minnesota Super Bowl Host Committee or the National Football League or its affiliates; and

(2) "related events sponsored by the National Football League or its affiliates" includes but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL Honors, and NFL House.

**Subd. 2. Operating reserve and capital reserve fund.** Notwithstanding the requirements of Minnesota Statutes, section 473J.13, subdivisions 2 and 4, up to \$1,600,000 of the balance in the operating reserve or capital reserve fund may be used for the purposes of paying reimbursements authorized under subdivision 1.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016, and before March 1, 2018.

Sec. 31. **SEVERABILITY.**

If any provision of sections 2 to 5 or the application thereof is held invalid, such invalidity shall not affect the provisions or applications of the sections that can be given effect without the invalid provisions or applications.

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

Sec. 32. **EFFECTIVE DATE.**

(a) The provisions of sections 2 to 5 are effective at the earlier of:

(1) a decision by the United States Supreme Court modifying its decision in Quill Corp. v. North Dakota, 504 U.S. 298 (1992) so that a state may require retailers without a physical presence in the state to collect and remit sales tax; or

(2) July 1, 2019.

(b) Notwithstanding paragraph (a) or the provisions of sections 2 to 5, if a federal law is enacted authorizing a state to impose a requirement to collect and remit sales tax on retailers without a physical presence in the state, the commissioner must enforce the provisions of this section and sections 2 to 5 to the extent allowed under federal law.

(c) The commissioner of revenue shall notify the revisor of statutes when either of the provisions in paragraph (a) or (b) apply.

## ARTICLE 5

### SPECIAL TAXES

Section 1. Minnesota Statutes 2014, section 296A.01, subdivision 12, is amended to read:

**Subd. 12. Compressed natural gas or CNG.** "Compressed natural gas" or "CNG" means natural gas, primarily methane, condensed under high pressure and stored in specially designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes of this chapter, the energy content of CNG is considered to be +1,000 900 BTUs per cubic foot.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 2. Minnesota Statutes 2014, section 296A.01, is amended by adding a subdivision to read:

**Subd. 13a. Dealer of gasoline used as a substitute for aviation gasoline.** "Dealer of gasoline used as a substitute for aviation gasoline" means any person who sells gasoline on the premises of an airport as defined under section 360.013, subdivision 39, to be dispensed directly into the fuel tank of an aircraft.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 3. Minnesota Statutes 2014, section 296A.07, subdivision 4, is amended to read:

**Subd. 4. Exemptions.** The provisions of subdivision 1 do not apply to gasoline or denatured ethanol purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384;

(2) providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services;

(3) an ambulance service licensed under chapter 144E;

(4) providers of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990, with a motor vehicle used exclusively as a mobile medical unit; or

(5) a licensed distributor to be delivered to a terminal for use in blending; or

(6) a dealer of gasoline used as a substitute for aviation gasoline.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 4. Minnesota Statutes 2014, section 296A.08, subdivision 2, is amended to read:

**Subd. 2. Rate of tax.** The special fuel excise tax is imposed at the following rates:

(a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

(b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

(c) Compressed natural gas is taxed at the rate of \$2.174 \$1.974 per thousand cubic feet; or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as defined by

the National Conference on Weights and Measures, is 5.66 pounds of natural gas or 126.67 cubic feet.

(d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 5. Minnesota Statutes 2014, section 296A.09, subdivision 1, is amended to read:

Subdivision 1. **Gasoline tax imposed.** Subject to any refunds or credits there is imposed an excise tax, at the rate of five cents per gallon on all aviation gasoline received, sold, stored, or withdrawn from storage in this state and on all gasoline used as a substitute for aviation gasoline. Aviation gasoline is defined in section 296A.01, subdivision 7.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 6. Minnesota Statutes 2014, section 296A.09, subdivision 3, is amended to read:

Subd. 3. **Exception to tax for aviation use.** The provisions of subdivisions 1 and 2 do not apply to gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel purchased and placed in the fuel tanks of an aircraft outside the state, even though the gasoline may be consumed within this state.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 7. Minnesota Statutes 2014, section 296A.09, subdivision 5, is amended to read:

Subd. 5. **Tax not on consumption.** The taxes imposed by subdivisions 1 and 2 are expressly declared not to be a tax upon consumption of gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel by an aircraft.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 8. Minnesota Statutes 2014, section 296A.09, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to gasoline used as a substitute for aviation gasoline, aviation gasoline, or jet fuel purchased by an ambulance service licensed under chapter 144E.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 9. Minnesota Statutes 2014, section 296A.15, subdivision 1, is amended to read:

Subdivision 1. **Monthly gasoline report; shrinkage allowance.** (a) Except as provided in paragraph (e), on or before the 23rd day of each month, every person who is required to pay a gasoline tax shall file with the commissioner a report, in the form and manner prescribed by the commissioner, showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and other information the commissioner may require. A written report is deemed to have been filed as required in this subdivision if postmarked on or before the 23rd day of the month in which the tax is payable.

(b) The number of gallons of gasoline must be reported in United States standard liquid gallons, 231 cubic inches, except that the commissioner may upon written application and for cause shown permit the distributor to report the number of gallons of gasoline as corrected to a temperature

of 60-degrees Fahrenheit. If the application is granted, all gasoline covered in the application and allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline must be reported as originally invoiced. Each report must show separately the number of gallons of aviation gasoline received by the reporter during each calendar month and the number of gallons of gasoline sold to a dealer of gasoline used as a substitute for aviation fuel during each calendar month.

(c) Each report must also include the amount of gasoline tax on gasoline received by the reporter during the preceding month. In computing the tax a deduction of 2.5 percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss. At the time of reporting, the reporter shall submit satisfactory evidence that one-third of the 2.5 percent deduction has been credited or paid to dealers on quantities sold to them.

(d) Each report shall contain a confession of judgment for the amount of the tax shown due to the extent not timely paid.

(e) Under certain circumstances and with the approval of the commissioner, taxpayers may be allowed to file reports annually.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 10. Minnesota Statutes 2014, section 296A.15, subdivision 4, is amended to read:

**Subd. 4. Failure to use or sell for intended purpose; report required.** (a) Any person who buys gasoline from a dealer of gasoline used as a substitute for aviation gasoline, or buys aviation gasoline or special fuel for aircraft use and who has paid the excise taxes due directly or indirectly through the amount of the tax being included in the price, or otherwise, and uses said gasoline or special fuel in motor vehicles or knowingly sells it to any person for use in motor vehicles shall, on or before the 23rd day of the month following that in which such gasoline or special fuel was so used or sold, report the fact of the use or sale to the commissioner in the form and manner prescribed by the commissioner.

(b) Any person who buys gasoline other than aviation gasoline and who has paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who knowingly sells such gasoline to any person to be used for the purpose of producing or generating power for propelling aircraft, or who receives, stores, or withdraws from storage gasoline to be used for that purpose, shall, on or before the 23rd day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of the sale, storage, or withdrawal from storage to the commissioner in the form and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 11. Minnesota Statutes 2014, section 296A.17, subdivision 1, is amended to read:

**Subdivision 1. Aviation refund requirements.** Any person claiming to be entitled to any refund or credit provided for in subdivision 3 shall receive the refund or credit upon filing with the commissioner a claim in such form and manner prescribed by the commissioner. The claim shall set forth, among other things, the total number of gallons of gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel for aircraft use upon which the claimant

has directly or indirectly paid the excise tax provided for in this chapter, during the calendar year, which has been received, stored, or withdrawn from storage by the claimant in this state and not sold or otherwise disposed of to others. All claims for refunds under this subdivision shall be made on or before April 30 following the end of the calendar year for which the refund is claimed.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 12. Minnesota Statutes 2014, section 296A.17, subdivision 2, is amended to read:

Subd. 2. **Claim for refund; aviation tax.** (a) Any person who buys gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel for aircraft use and who has paid the excise taxes directly or indirectly through the amount of the tax being included in the price, or otherwise, who does not use it in motor vehicles or receive, sell, store, or withdraw it from storage for the purpose of producing or generating power for propelling aircraft, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a claim in the form and manner prescribed by the commissioner. The claim shall state the total amount of the gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel for aircraft use purchased and used by the applicant, and shall state when and for what purpose it was used. On being satisfied that the claimant is entitled to payment, the commissioner shall approve the claim and transmit it to the commissioner of management and budget. The postmark on the envelope in which a written claim is mailed determines the date of filing.

(b) If a claim contains an error in preparation in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner.

(c) An applicant who files a claim that is false or fraudulent, is subject to the penalties provided in section 296A.23 for knowingly and willfully making a false claim.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 13. Minnesota Statutes 2014, section 296A.17, subdivision 3, is amended to read:

Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly paid the excise tax on gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel for aircraft use provided for by this chapter and either paid the airflight property tax under section 270.072 or is an aerial applicator with a category B, general aerial license, under section 18B.33, shall, as to all such gasoline used as a substitute for aviation gasoline, aviation gasoline, and special fuel received, stored, or withdrawn from storage by the person in this state in any calendar year and not sold or otherwise disposed of to others, or intended for sale or other disposition to others, on which such tax has been so paid, be entitled to the following graduated reductions in such tax for that calendar year, to be obtained by means of the following refunds:

(1) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel up to 50,000 gallons, all but five cents per gallon;

(2) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel above 50,000 gallons and not more than 150,000 gallons, all but two cents per gallon;

(3) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel above 150,000 gallons and not more than 200,000 gallons, all but one cent per gallon;

(4) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel above 200,000, all but one-half cent per gallon.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 14. Minnesota Statutes 2014, section 296A.18, subdivision 1, is amended to read:

Subdivision 1. **Intent; gasoline use.** All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline, gasoline sold to a dealer of gasoline used as a substitute for aviation gasoline, and marine gasoline shall be determined to be intended for use in motor vehicles in this state.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 15. Minnesota Statutes 2014, section 296A.18, subdivision 8, is amended to read:

Subd. 8. **Airports.** The revenues derived from the excise taxes on gasoline used as a substitute for aviation gasoline, aviation gasoline, and on special fuel received, sold, stored, or withdrawn from storage as substitutes for aviation gasoline, shall be paid into the state treasury and credited to the state airports fund. There is hereby appropriated such sums as are needed to carry out the provisions of this subdivision.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 16. Minnesota Statutes 2014, section 296A.19, subdivision 1, is amended to read:

Subdivision 1. **Retention.** All distributors, dealers, special fuel dealers, bulk purchasers, dealers of gasoline used as a substitute for aviation gasoline, and all users of special fuel shall keep a true and accurate record of all purchases, transfers, sales, and use of petroleum products and special fuel, including copies of all sales tickets issued, in a form and manner approved by the commissioner, and shall retain all such records for 3-1/2 years.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 17. Minnesota Statutes 2014, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) A tax is imposed on all lawful gambling other than (1) paper or electronic pull-tab deals or games; (2) tipboard deals or games; (3) electronic linked bingo; and (4) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate of 8.5 percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid.

(b) A tax is imposed on the conduct of paper pull-tabs, at the rate of nine percent of the gross receipts, less prizes actually paid, of the pull-tab deal. The tax imposed under this paragraph applies only to paper pull-tabs sold at a bingo hall as defined in section 349.12, subdivision 4a.

(c) The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.62 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

(d) The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

**EFFECTIVE DATE.** This section is effective for gross receipts received on or after July 1, 2016.

Sec. 18. Minnesota Statutes 2015 Supplement, section 297E.02, subdivision 6, is amended to read:

**Subd. 6. Combined net receipts tax.** (a) In addition to the taxes imposed under subdivision 1, a tax is imposed on the combined net receipts of the organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	nine percent
Over \$87,500, but not over \$122,500	\$7,875 plus 18 percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$14,175 plus 27 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$23,625 plus 36 percent of the amount over \$157,500

(b) On or before April 1, 2016, the commissioner shall estimate the total amount of revenue, including interest and penalties, that will be collected for fiscal year 2016 from taxes imposed under this chapter. If the amount estimated by the commissioner equals or exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the rates under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice to that effect in the State Register and notify each taxpayer by June 1, 2016. If the rates under this section apply, the combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	8.5 percent
Over \$87,500, but not over \$122,500	\$7,438 plus 17 percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$13,388 plus 25.5 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$22,313 plus 34 percent of the amount over \$157,500

(c) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.

(d) Paper pull-tabs sold at a bingo hall as defined in section 349.12, subdivision 4a, are exempt from taxation under this subdivision.

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

Sec. 19. Minnesota Statutes 2014, section 297F.01, is amended by adding a subdivision to read:

Subd. 6a. Bulk nicotine. "Bulk nicotine" means any vapor product that contains a solution having a concentration of 50 milligrams of nicotine per milliliter or greater.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 20. Minnesota Statutes 2014, section 297F.01, is amended by adding a subdivision to read:

Subd. 6b. Consumable material. "Consumable material" means any vapor product that contains nicotine in a solution having a concentration of less than 50 milligrams of nicotine per milliliter.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 21. Minnesota Statutes 2014, section 297F.01, subdivision 19, is amended to read:

**Subd. 19. Tobacco products.** (a) "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, vapor products, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco products includes a premium cigar, as defined in subdivision 13a.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 22. Minnesota Statutes 2014, section 297F.01, is amended by adding a subdivision to read:

Subd. 24. Vapor products. "Vapor products" means any noncombustible product that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor from nicotine in a solution or other form. Vapor products includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of bulk nicotine or consumable material in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 23. Minnesota Statutes 2014, section 297F.05, subdivision 1, is amended to read:

**Subdivision 1. Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers, at the rate of 141.5 150 mills, or 14.15 15 cents, on each cigarette.

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

Sec. 24. Minnesota Statutes 2014, section 297F.05, subdivision 3, is amended to read:

Subd. 3. Rates; tobacco products. (a) Except as provided in subdivision subdivisions 3a and 3b, a tax is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor, at the rate of 95 percent of the wholesale sales price of the tobacco products. The tax is imposed at the time the distributor:

(1) brings, or causes to be brought, into this state from outside the state tobacco products for sale;

(2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or

(3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

(b) Notwithstanding paragraph (a), a minimum tax equal to the rate imposed on a pack of 20 cigarettes weighing not more than three pounds per thousand, as established under subdivision 1, is imposed on each container of moist snuff.

For purposes of this subdivision, a "container" means the smallest consumer-size can, package, or other container that is marketed or packaged by the manufacturer, distributor, or retailer for separate sale to a retail purchaser. When more than one container is packaged together, each container is subject to tax.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 25. Minnesota Statutes 2014, section 297F.05, is amended by adding a subdivision to read:

Subd. 3b. Rates; vapor products. (a) A tax is imposed upon all vapor products in this state and upon any person engaged in business as a tobacco product distributor. The tax imposed under this subdivision is imposed at the time the tobacco products distributor:

(1) brings, or causes to be brought, into this state vapor products for sale;

(2) makes, manufactures, or fabricates vapor products in this state, not otherwise taxed under this subdivision, for sale in this state; or

(3) ships or transports vapor products to retailers in this state to be sold by those retailers.

(b) For vapor products that contain bulk nicotine, the rate of tax is 300 percent of the wholesale sales price of the vapor product.

(c) For vapor products that contain consumable material, the rate of tax is 45 percent of the wholesale sales price of the vapor product.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 26. Minnesota Statutes 2014, section 297F.05, is amended by adding a subdivision to read:

Subd. 4b. Use tax; vapor products. A tax is imposed upon the use or storage by consumers of all vapor products in this state, and upon such consumers, at the rate of 300 percent of the wholesale sales price of a vapor product containing bulk nicotine, and 45 percent of the wholesale sales price of a vapor product containing consumable material.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 27. Minnesota Statutes 2014, section 297H.04, subdivision 2, is amended to read:

Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic waste collection capacity purchased by the generator, based on the size of the container for the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion schedule in paragraph (c). However, the tax must be calculated by the waste management service provider using the same method for calculating the waste management service fee so that both are calculated according to container capacity, actual volume, or weight.

(b) Notwithstanding section 297H.02, a residential generator that generates nonmixed municipal solid waste shall pay a solid waste management tax in the same manner as provided in paragraph (a).

(c) The weight-to-volume conversion schedule for:

(1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals 3.33 cubic yards, or \$2 per ton equal to~~ 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and may publish by notice a conversion schedule for construction debris;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue after consultation with the commissioner of the Pollution Control Agency, shall determine, and may publish by notice, a conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 28. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision to read:

Subd. 4a. **Bingo hall.** (a) "Bingo hall" means the premises on which an organization licensed under this chapter regularly conducts bingo if:

(1) more than 50 percent of the organization's gross receipts from lawful gambling in the prior calendar year were attributable to the conduct of bingo or the organization had no receipts from lawful gambling in that year; or

(2) no other organization conducts lawful gambling on the premises.

(b) For purposes of this subdivision, "bingo" does not include a linked bingo game as defined in this section.

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

Sec. 29. **REPEALER.**

(a) Minnesota Statutes 2014, section 297F.05, subdivision 1a, is repealed.

(b) Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

## ARTICLE 6

### MINERALS

Section 1. Minnesota Statutes 2014, section 298.24, is amended by adding a subdivision to read:

Subd. 5. TEDF; deposits redirected. (a) For concentrates produced by a plant subject to a reimbursement agreement dated September 9, 2008, by and among Itasca County, Essar Global Limited, and Minnesota Steel Industries LLC, the provisions of sections 298.227 and 298.28, subdivision 9a, do not apply to the plant's production.

(b) All amounts not deposited in the taconite economic development fund as a result of paragraph (a) must be deposited in the Douglas J. Johnson economic protection trust fund created under section 298.292.

(c) The provisions of this subdivision expire upon certification by the commissioner of employment and economic development that all requirements of the reimbursement agreement, as specified in paragraph (a), are satisfied.

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

Sec. 2. Minnesota Statutes 2014, section 298.28, subdivision 3, is amended to read:

Subd. 3. Cities; towns. (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three 3.25 cents per taxable ton for distributions in 2009 2017 and subsequent years must be allocated for distribution to (1) towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b); and (2) the following unorganized territories in St. Louis County and Itasca County: 56-17; 58-22; 59-16;

~~59-21; 60-18; and 60-19. For distribution in 2010 through 2014 and for distribution distributions in 2018 and subsequent years, the three-cent 3.25-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will must be distributed to eligible towns and eligible unorganized territories on a per capita basis, provided that no town or unorganized territory may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town or unorganized territory under this paragraph must be redistributed on a per capita basis among the other eligible towns and eligible unorganized territories, to whose distributions do not exceed \$50,000. The amount available to unorganized territories in St. Louis County and Itasca County may be held by the county and combined for public infrastructure projects for the specified unorganized territories.~~

**EFFECTIVE DATE.** This section is effective for distributions beginning in 2017 and thereafter.

Sec. 3. Minnesota Statutes 2014, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) If 1.0 cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a different county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024, shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

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

Sec. 4. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** The following amounts must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3);

(3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund;

(ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(iii) for distributions in 2017 and thereafter, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(4) any other amount as provided by law.

Expenditures from this account shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

No expenditure under this section shall be made unless approved by seven members of the Iron Range Resources and Rehabilitation Board.

**EFFECTIVE DATE.** This section is effective for distributions beginning in 2017 and thereafter.

## ARTICLE 7

### LOCAL DEVELOPMENT

Section 1. Minnesota Statutes 2014, section 469.1763, subdivision 1, is amended to read:

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

(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law.

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

(d) "Revenues derived from tax increments paid by properties in the district" means only tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include tax increment as defined in section 469.174, subdivision 25, clauses (2), (3), and (4) to (5).

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

Sec. 2. Minnesota Statutes 2014, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue revenues derived from tax increments for paid by properties in the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

- (i) acquire and prepare the site of the housing;
- (ii) acquire, construct, or rehabilitate the housing; or
- (iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

- (A) 150 percent of the average market value of single-family homes in that municipality; or
- (B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired.

(e) For a district created within a biotechnology and health sciences industry zone as defined in Minnesota Statutes 2012, section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district. The authority provided by this paragraph expires for expenditures made after the later of (1) December 31, 2015, or (2) the end of the five-year period beginning on the date the district was certified, provided that date was before January 1, 2016.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

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

Sec. 3. Minnesota Statutes 2014, section 469.1763, subdivision 3, is amended to read:

**Subd. 3. Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within

the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

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

Sec. 4. Minnesota Statutes 2014, section 469.178, subdivision 7, is amended to read:

**Subd. 7. Interfund loans.** (a) The authority or municipality may advance or loan money to finance expenditures under section 469.176, subdivision 4, from its general fund or any other fund under which it has legal authority to do so.

(b) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized; by resolution of the governing body or of the authority, whichever has jurisdiction over the fund from which the advance or loan is authorized, before money is transferred, advanced, or spent, whichever is earliest.

(c) The resolution may generally grant to the municipality or the authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.

(d) The terms and conditions for repayment of the loan must be provided in writing and. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the municipality or the authority before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time to

time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(e) The authority shall report in the annual report submitted pursuant to section 469.175, subdivision 6:

- (1) the amount of any interfund loan or advance made in a calendar year; and
- (2) any amendment of an interfund loan or advance made in a calendar year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 5. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, economic development district, soil condition district, or a soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area (excluding street and railroad right of way) are characterized by one or more of the following conditions:

- (1) peat or other soils with geotechnical deficiencies that impair development of residential or commercial buildings or infrastructure;
- (2) soils or terrain that requires substantial filling in order to permit the development of commercial or residential buildings or infrastructure;
- (3) landfills, dumps, or similar deposits of municipal or private waste;
- (4) quarries or similar resource extraction sites;
- (5) floodway; and
- (6) substandard buildings within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to be characterized by substandard buildings if the buildings occupy at least 30 percent of the area of the parcel.

(d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is extended to nine years for any district. The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any

district (measured over the life of the district) may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of paragraph (f) and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

(h) Increments from any district may not be used to pay the costs of landfill closure or public infrastructure located on the following parcels within the plat known as Burnsville Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

(i) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires on December 31, 2018 2020.

**EFFECTIVE DATE.** This section is effective upon approval by the governing body of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section 645.021.

Sec. 6. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter 382, section 84, is amended to read:

**Sec. 17. SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and the governing body of the city of Duluth approves the plan for the tax increment financing district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020; 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090; 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160; 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250; 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380; 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530; 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580; 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580; 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of the tax increment financing district, must be considered to be met if the activities are undertaken within five years after the date all qualifying parcels are delisted from the Federal Superfund list.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning in the sixth year following certification of the district requirement, will begin in the sixth year following the date all qualifying parcels are delisted from the Federal Superfund list.

(c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are satisfied if the action is commenced within four years after the date all qualifying parcels are delisted from the Federal Superfund list and evidence of the action required is submitted to the county auditor by February 1 of the fifth year following the year in which all qualifying parcels are delisted from the Federal Superfund list.

(d) For purposes of this section, "qualifying parcels" means United States Steel parcels listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the USS Site (USEPA OU 02) that are included in the tax increment financing district.

(e) In addition to the reporting requirements of Minnesota Statutes, section 469.175, subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels listed in paragraph (a) and shown as part of the USS Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted status, and if delisted, the delisting date.

(f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan program before approval of the tax increment financing plan for or the establishment of the district authorized by this section. The authority may make loans under this program and the proceeds of the loans may be used for any permitted use of increments under this law or Minnesota Statutes, section 469.176, for the district, and may be repaid with increments from the district established under this section. This subdivision applies to any action authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. Laws 2014, chapter 308, article 6, section 9, is amended to read:

**Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of

795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

**Subd. 2. Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

(i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use increments from a soil deficiency district to acquire parcels and for other infrastructure costs either inside or

outside of the district, but within the project area, if the acquisition or infrastructure is for a qualified development. For purposes of this paragraph, a development is a qualified development only if all of the following requirements are satisfied:

(1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken primarily to serve the development;

(2) the city has a binding, written commitment and adequate financial assurances from the developer that the development will be constructed; and

(3) the development does not consist of retail trade or housing improvements.

**EFFECTIVE DATE.** This section is effective upon approval by the governing body of the city of Maple Grove and its compliance with the requirements of Minnesota Statutes, section 645.021.

**Sec. 8. CITY OF ANOKA; TIF DISTRICT.**

For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if the district were certified on that date.

**EFFECTIVE DATE.** This section is effective upon approval by the governing body of the city of Anoka and upon compliance by the city with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 9. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3, the chief clerical officer of the city of Edina may file the city's certificate of its approval of Laws 2014, chapter 308, article 6, section 8, by June 30, 2016, and, if the certificate is so filed and the requirements of Minnesota Statutes, section 645.021, subdivision 3, are otherwise complied with, the special law is deemed approved, and all actions taken by the city prior to the effective date of this section in reliance on Laws 2014, chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article 6, section 8, and this act.

**EFFECTIVE DATE.** This section is effective June 30, 2016, without local approval as an amendment to the provisions of Laws 2014, chapter 308, article 6, section 8.

**Sec. 10. CITY OF COON RAPIDS; TAX INCREMENT FINANCING.**

Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Coon Rapids may collect tax increment from District 6-1 Port Riverwalk through December 31, 2038.

**EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

**Sec. 11. CITY OF COTTAGE GROVE; TAX INCREMENT FINANCING.**

The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment

financing district, is considered to be met for Tax Increment Financing District No. 1-12 (Gateway North), administered by the Cottage Grove Economic Development Authority, if the activities are undertaken prior to January 1, 2017.

**EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical officer of the governing body of the city of Cottage Grove with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF NORTHFIELD; TAX INCREMENT FINANCING.**

The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for the Riverfront Tax Increment Financing District in the city of Northfield, if the activities are undertaken prior to July 12, 2017.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Northfield and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF RICHFIELD; EXTENSION OF DISTRICT.**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and for the city of Richfield may elect to extend the duration limit of the redevelopment tax increment financing district known as the Cedar Avenue Tax Increment Financing District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

**EFFECTIVE DATE.** This section is effective upon compliance by the city of Richfield, Hennepin County, and Independent School District No. 280 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF ST. PAUL; TIF AUTHORITY.**

(a) For purposes of computing the duration limits under Minnesota Statutes, section 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing District. This authority is limited to the first four years of increment or increments derived from taxes payable in 2023, whichever occurs first.

(b) If the city elects to waive receipt of increment under paragraph (a), for purposes of applying any limits based on when the district was certified under Minnesota Statutes, section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed to be January 2 of the property tax assessment year for which increment is first received under the waiver.

**EFFECTIVE DATE.** This section is effective July 1, 2016, without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

## ARTICLE 8

### PUBLIC FINANCE

Section 1. Minnesota Statutes 2014, section 366.095, subdivision 1, is amended to read:

**Subdivision 1. Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than ten years and be issued on the terms and in the manner as the board may determine, provided that notes issued for projects that eliminate R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2), shall be payable in not more than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 2. Minnesota Statutes 2014, section 383B.117, subdivision 2, is amended to read:

**Subd. 2. Equipment acquisition; capital notes.** The board may, by resolution and without public referendum, issue capital notes within existing debt limits for the purpose of purchasing ambulance and other medical equipment, road construction or maintenance equipment, public safety equipment and other capital equipment having an expected useful life at least equal to the term of the notes issued. The notes shall be payable in not more than ten years and shall be issued on terms and in a manner as the board determines, provided that notes issued for projects that eliminate R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2), shall be payable in not more than 20 years. The total principal amount of the notes issued for any fiscal year shall not exceed one percent of the total annual budget for that year and shall be issued solely for the purchases authorized in this subdivision. A tax levy shall be made for the payment of the principal and interest on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes computer hardware and software, whether bundled with machinery or equipment or unbundled. For purposes of this subdivision, the term "medical equipment" includes computer hardware and software and other intellectual property for use in medical diagnosis, medical procedures, research, record keeping, billing, and other hospital applications, together with application development services and training related to the use of the computer hardware and software and other intellectual property, all without regard to their useful life. For purposes of determining the amount of capital notes which the county may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this subdivision shall be in addition to obligations issuable under section 373.01, subdivision 3.

Sec. 3. Minnesota Statutes 2014, section 410.32, is amended to read:

#### **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software.

(c) The equipment or software must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ten years and be issued on terms and in the manner the city determines, provided that notes issued for projects that eliminate R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2), shall be payable in not more than 20 years. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 4. Minnesota Statutes 2014, section 412.301, is amended to read:

#### **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software.

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ten years and shall be issued on such terms and in such manner as the council may determine, provided, however, that notes issued for projects that eliminate R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2), shall be payable in not more than 20 years.

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their

issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 5. Minnesota Statutes 2014, section 469.034, subdivision 2, is amended to read:

**Subd. 2. General obligation revenue bonds.** (a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475, except the obligations are not subject to approval by the electors, and the maturities may extend to not more than 35 years for obligations sold to finance housing for the elderly and 40 years for other obligations issued under this subdivision. The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the estimated market value of the general jurisdiction governmental unit whose general obligation is pledged, or (2) \$3,000,000 \$5,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located. The project must be owned for the term of the bonds either by the authority or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner and the partnership or other entity must receive (1) an allocation from the Department of Management and Budget or an entitlement issuer of tax-exempt bonding authority for the project and a preliminary determination by the Minnesota Housing Finance Agency or the applicable suballocator of tax credits that the project will qualify for four percent low-income housing tax credits or (2) a reservation of nine percent low-income housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits for the project. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

(f) The authority may issue bonds to refund bonds issued under this subdivision in accordance with section 475.67. The finding of the adequacy of pledged revenues required by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after July 1, 1992.

Sec. 6. Minnesota Statutes 2014, section 469.101, subdivision 1, is amended to read:

**Subdivision 1. Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city, except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Sec. 7. Minnesota Statutes 2014, section 473.39, is amended by adding a subdivision to read:

**Subd. 1u. Obligations.** (a) In addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$82,100,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2016, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$40,100,000, and after July 1, 2017, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$42,000,000.

(b) This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

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

Sec. 8. Minnesota Statutes 2014, section 475.58, subdivision 3b, is amended to read:

**Subd. 3b. Street reconstruction and bituminous overlays.** (a) A municipality may, without regard to the election requirement under subdivision 1, issue and sell obligations for street reconstruction or bituminous overlays, if the following conditions are met:

(1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan that describes the street reconstruction or overlay to be financed, the estimated costs, and any planned reconstruction or overlay of other streets in the municipality over the next five years, and the plan and issuance of the obligations has been approved by a vote of all a majority of the members of the governing body present at the meeting following a public hearing for which notice has been published in the official newspaper at least ten days but not more than 28 days prior to the hearing; and

(2) if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the last municipal general election and is filed with the municipal clerk within 30 days of the public hearing, the municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of the issuance of the obligations. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

(b) Obligations issued under this subdivision are subject to the debt limit of the municipality and are not excluded from net debt under section 475.51, subdivision 4.

(c) For purposes of this subdivision, street reconstruction and bituminous overlays includes utility replacement and relocation and other activities incidental to the street reconstruction, turn lanes and other improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads, and the local share of state and county road projects. For purposes of this subdivision, "street reconstruction" includes expenditures for street reconstruction that have been incurred by a municipality before approval of a street reconstruction plan, if such expenditures are included in a street reconstruction plan approved on or before the date of the public hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

(d) Except in the case of turn lanes, safety improvements, realignments, intersection modifications, and the local share of state and county road projects, street reconstruction and bituminous overlays does not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Sec. 9. Minnesota Statutes 2014, section 475.60, subdivision 2, is amended to read:

**Subd. 2. Requirements waived.** The requirements as to public sale shall not apply to:

(1) obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) obligations sold by an issuer in an amount not exceeding the total sum of \$1,200,000 in any 12-month period;

(3) obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately;

(4) obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency;

(5) obligations issued to fund pension and retirement fund liabilities under section 475.52, subdivision 6, obligations issued with tender options under section 475.54, subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56;

(6) obligations to be issued for a purpose, in a manner, and upon terms and conditions authorized by law, if the governing body of the municipality, on the advice of bond counsel or special tax counsel, determines that interest on the obligations cannot be represented to be excluded from gross income for purposes of federal income taxation;

(7) obligations issued in the form of an installment purchase contract, lease purchase agreement, or other similar agreement;

(8) obligations sold under a bond reinvestment program; and

(9) if the municipality has retained an independent financial municipal advisor, obligations which the governing body determines shall be sold by private negotiation.

## ARTICLE 9

### IRON RANGE RESOURCES AND REHABILITATION

Section 1. Minnesota Statutes 2014, section 15.38, subdivision 7, is amended to read:

**Subd. 7. Iron Range resources and rehabilitation Board.** After seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner of Iron Range resources and rehabilitation Board may purchase insurance it considers the commissioner deems necessary and appropriate to insure facilities operated by the board.

Sec. 2. Minnesota Statutes 2014, section 116J.424, is amended to read:

### **116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD CONTRIBUTION.**

The commissioner of the Iron Range resources and rehabilitation Board with approval by the board, shall provide an equal match for any loan or equity investment made for a facility located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota minerals 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the board under this section and the board at its sole discretion commissioner, after consultation with the Iron Range Resources and Rehabilitation Board, shall have the sole discretion to decide what interest it the board acquires in a project. The commissioner of employment and economic development may require a commitment from the board commissioner to make the match prior to disbursing money from the fund.

Sec. 3. Minnesota Statutes 2014, section 216B.161, subdivision 1, is amended to read:

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

(b) "Area development rate" means a rate schedule established by a utility that provides customers within an area development zone service under a base utility rate schedule, except that charges may be reduced from the base rate as agreed upon by the utility and the customer consistent with this section.

(c) "Area development zone" means a contiguous or noncontiguous area designated by an authority or municipality for development or redevelopment and within which one of the following conditions exists:

(1) obsolete buildings not suitable for improvement or conversion or other identified hazards to the health, safety, and general well-being of the community;

(2) buildings in need of substantial rehabilitation or in substandard condition; or

(3) low values and damaged investments.

(d) "Authority" means a rural development financing authority established under sections 469.142 to 469.151; a housing and redevelopment authority established under sections 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an economic development authority established under sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron Range resources and rehabilitation, acting after consultation with the board established under section 298.22; a municipality that is administering a development district created under sections 469.124 to 469.133 or any special law; a municipality that undertakes a project under sections 469.152 to 469.165, except a town located outside the metropolitan area as defined in section 473.121, subdivision 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers of a port authority under any general or special law.

(e) "Municipality" means a city, however organized, and, with respect to a project undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008, also includes any county.

Sec. 4. Minnesota Statutes 2014, section 276A.01, subdivision 8, is amended to read:

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area. If a municipality is located partly within and partly without the area, the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to the property or portion thereof that is located in that portion of the municipality within the area, except that the fiscal capacity of the municipality must be computed upon the basis of the valuation and population of the entire municipality. A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The commissioner of Iron Range resources and rehabilitation Board and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year. Before making the joint determination, the commissioner of Iron Range resources and rehabilitation shall seek a recommendation from the Iron Range Resources and Rehabilitation Board.

Sec. 5. Minnesota Statutes 2014, section 276A.01, subdivision 17, is amended to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board, to be used for the purposes of the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the Iron Range Resources

and Rehabilitation Board, has certified by June 30 that the Iron Range school consolidation and cooperatively operated account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

Sec. 6. Minnesota Statutes 2014, section 282.38, subdivision 1, is amended to read:

**Subdivision 1. Development.** In any county where the county board by proper resolution sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation ~~with the approval of the, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board,~~ may upon request of the county board assist said county in carrying out any project for the long range development of its forest resources through matching of funds or otherwise.

Sec. 7. Minnesota Statutes 2014, section 298.001, subdivision 8, is amended to read:

**Subd. 8. Commissioner.** "Commissioner" means the commissioner of revenue of the state of Minnesota, ~~except that when used in sections 298.22 to 298.227, and 298.291 to 298.298,~~ "commissioner" means the commissioner of Iron Range resources and rehabilitation.

Sec. 8. Minnesota Statutes 2014, section 298.22, subdivision 1, is amended to read:

**Subdivision 1. The Office of the Commissioner of Iron Range resources and rehabilitation.**  
(a) The Office of the Commissioner of Iron Range resources and rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06. ~~The commissioner may expend amounts appropriated to the commissioner or the board for projects after submitting the expenditure to the board for a recommendation under subdivision 1a.~~

(b) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting options available under section 471.345 when the commissioner determines it is in the best interest of the agency. The agency is not subject to sections 16E.016 and 16C.05.

(c) When the commissioner determines that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use of natural resources in the future and any resulting decrease in employment, the commissioner may use whatever amounts of the appropriation made to the commissioner of revenue in section 298.28 that are determined to be necessary and proper in the development of the remaining resources of the county and in the vocational training and rehabilitation of its residents, except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund. For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 9. Minnesota Statutes 2014, section 298.22, subdivision 1a, is amended to read:

**Subd. 1a. Iron Range Resources and Rehabilitation Board.** The Iron Range Resources and Rehabilitation Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the board for approval. The board shall recommend approval or disapproval or modification of the expenditures and projects. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1.

The members shall be appointed in January of every odd-numbered year, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as original members were chosen.

Sec. 10. Minnesota Statutes 2014, section 298.22, subdivision 5a, is amended to read:

**Subd. 5a. Forest trust.** The commissioner, upon approval by after requesting a recommendation from the board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, upon approval by after requesting a recommendation from the board, may sell forest lands purchased under this subdivision if the board finds commissioner determines that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account upon approval by after the commissioner has sought a recommendation from the board, to purchase, manage, administer, convey interests in, and improve the forest lands. With approval by After the commissioner has sought a recommendation from the board, money in the Iron Range Miners' Memorial Forest account may be transferred into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust.

Sec. 11. Minnesota Statutes 2014, section 298.22, subdivision 6, is amended to read:

**Subd. 6. Private entity participation.** After seeking a recommendation from the board, the commissioner may acquire an equity interest in any project for which it the commissioner provides funding. The commissioner may establish, participate in the management of, and dispose of the assets of charitable foundations, nonprofit limited liability companies, and nonprofit corporations associated with any project for which it provides funding, including specifically, but without limitation, a corporation within the meaning of section 317A.011, subdivision 6.

Sec. 12. Minnesota Statutes 2014, section 298.22, subdivision 8, is amended to read:

**Subd. 8. Spending priority.** In making or approving recommending any expenditures on programs or projects, the commissioner and the board shall give the highest priority to programs and projects that target relief to those areas of the taconite assistance area as defined in section 273.1341, that have the largest percentages of job losses and population losses directly attributable to the economic downturn in the taconite industry since the 1980s. The commissioner and the board shall compare the 1980 population and employment figures with the 2000 population and employment figures, and shall specifically consider the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company, in making or approving recommending expenditures consistent with this subdivision, as well as the areas of residence of persons who suffered job loss for which relief is to be targeted under this subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the terms determined by the commissioner and approved after seeking review by the board, surface and mineral interests owned or acquired by the state of Minnesota acting by and through the office of the commissioner of Iron Range resources and rehabilitation within those portions of the taconite assistance area affected by the closure of the LTV Steel Mining Company facility near Hoyt Lakes. The payments and royalties from these leases must be deposited into the fund established in section 298.292. This subdivision supersedes any other conflicting provisions of law and does not preclude the commissioner and the board from making expenditures for programs and projects in other areas after seeking review by the board.

Sec. 13. Minnesota Statutes 2014, section 298.22, subdivision 10, is amended to read:

**Subd. 10. Sale or privatization of functions.** The commissioner of Iron Range resources and rehabilitation may not sell or privatize the Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by first seeking a recommendation from the board.

Sec. 14. Minnesota Statutes 2014, section 298.22, subdivision 11, is amended to read:

**Subd. 11. Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget for operational expenditures, programs, and projects, and submit it to the Iron Range Resources and Rehabilitation Board for a recommendation. After the budget is approved by the board and the governor, the commissioner may spend money in accordance with the approved budget.

Sec. 15. Minnesota Statutes 2014, section 298.221, is amended to read:

#### **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

(a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of section 298.22 and any fees which may, in the discretion of the commissioner of Iron Range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the Iron Range Resources and Rehabilitation Board account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner of the Iron Range Resources and Rehabilitation Board for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the board. Nothing in this paragraph authorizes the commissioner or a member of the board to receive merchandise for personal use.

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range Resources and Rehabilitation Board account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner to be expended, ~~subject to approval by~~ after seeking a recommendation from the board, as follows:

- (1) to pay costs associated with the construction, equipping, operation, repair, or improvement of the Giants Ridge Recreation Area facilities or lands;
- (2) to pay principal, interest and associated bond issuance, reserve, and servicing costs associated with the financing of the facilities; and
- (3) to pay the costs of any other project authorized under section 298.22.

Sec. 16. Minnesota Statutes 2014, section 298.2211, subdivision 3, is amended to read:

**Subd. 3. Project approval.** All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for ~~approval by a recommendation from~~ the board. Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project approved by the ~~board~~ commissioner and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 17. Minnesota Statutes 2014, section 298.2213, subdivision 4, is amended to read:

**Subd. 4. Project approval.** ~~After seeking a recommendation from the board and,~~ the commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the ~~board~~ commissioner unless it ~~the~~ commissioner finds that:

- (1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;
- (2) the prospective benefits of the expenditure exceed the anticipated costs; and
- (3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by the ~~board and the~~ commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The ~~board~~ commissioner

may submit supplemental projects for approval at any time, after seeking a recommendation from the board.

Sec. 18. Minnesota Statutes 2014, section 298.2213, subdivision 5, is amended to read:

**Subd. 5. Advisory committees.** ~~Before submission to the board of a proposal for a project for expenditure of money appropriated under this section; The commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of at least seven persons who are knowledgeable in areas related to the objectives of the proposal. If the project involves investment in a scientific research proposal, at least four of the committee members must be knowledgeable in the specific scientific research area relating to the project. Members of the committees must be compensated as provided in section 15.059, subdivision 3. The board commissioner shall not act on a proposal for a request for expenditure of money appropriated under this section until it has received the commissioner has sought review from the board of the evaluation and recommendations of the technical advisory committee.~~

Sec. 19. Minnesota Statutes 2014, section 298.2213, subdivision 6, is amended to read:

**Subd. 6. Use of repayments and earnings.** ~~Principal and interest received in repayment of loans made under this section must be deposited in the state treasury and are appropriated to the board for the purposes of this section northeast Minnesota economic development fund account in the special revenue fund in the state treasury. The commissioner of Iron Range resources and rehabilitation must seek a recommendation from the Iron Range Resources and Rehabilitation Board for any use of funds appropriated under this section.~~

Sec. 20. Minnesota Statutes 2014, section 298.223, subdivision 1, is amended to read:

**Subdivision 1. Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(1) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(2) reclamation, restoration, or reforestation of mine lands not otherwise provided for by state law;

(3) local economic development projects but only if those projects are approved by the board commissioner after seeking a recommendation of the projects from the board, and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees;

(5) local public works projects under section 298.227, paragraph (c); and

(6) local public works projects as provided under this clause. The following amounts shall be distributed in 2009 based upon the taxable tonnage of production in 2008:

- (i) .4651 cent per ton to the city of Aurora for street repair and renovation;
- (ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure improvements to the south side industrial site;
- (iii) .6460 cent per ton to the city of Buhl for street repair;
- (iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;
- (v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure upgrades;
- (vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure upgrades;
- (vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;
- (viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility modifications for the miners' memorial;
- (ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;
- (x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;
- (xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;
- (xii) .6460 cent per ton to the town of Balkan for community center repairs;
- (xiii) .9044 cent per ton to the city of Babbitt for city garage construction;
- (xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;
- (xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;
- (xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;
- (xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;
- (xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;
- (xix) .3230 cent per ton to Lake County for trail construction;
- (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand Marais;
- (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure improvements;
- (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;
- (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer improvements along Gayley Avenue;
- (xxiv) .3876 cent per ton to the city of Marble for construction of a city administration facility;
- (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the community center;
- (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure upgrades;

(xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades along Depot Street;

(xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter improvements;

(xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer infrastructure upgrades at Pokegema Golf Course and Park Place;

(xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades for 1st Avenue from River Road to 3rd Street SE; and

(xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing at Highway 2 and County Road 62.

Sec. 21. Minnesota Statutes 2014, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.

(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). After seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner may waive the requirements of this paragraph.

(c) Upon approval by the board, The list of projects approved by the commissioner under this subdivision, after the commissioner has sought review of the projects by the board, shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board commissioner and the governor. The commissioner may submit supplemental projects to the board and for approval from the governor for approval after seeking review of the supplemental projects from the board at any time.

Sec. 22. Minnesota Statutes 2014, section 298.227, is amended to read:

## **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for

acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by the commissioner, after seeking a recommendation from the board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the commissioner, after seeking a recommendation from the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable

tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.

Sec. 23. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

**Subd. 7a. Iron Range school consolidation and cooperatively operated school account.** The following amounts must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3);

(3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund;

(ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(4) any other amount as provided by law.

Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after the commissioner of Iron Range resources and rehabilitation has sought review of the expenditures by the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

No expenditure under this section shall be made unless approved by ~~seven members of the commissioner of Iron Range resources and rehabilitation after seeking review of the expenditure from the Iron Range Resources and Rehabilitation Board.~~

Sec. 24. Minnesota Statutes 2014, section 298.28, subdivision 9d, is amended to read:

**Subd. 9d. Iron Range higher education account.** Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214, and the ~~Iron Range Resources and Rehabilitation Board~~ commissioner of Iron Range resources and rehabilitation must approve all expenditures from the account, after seeking review and recommendation of the expenditures from the Iron Range Resources and Rehabilitation Board.

Sec. 25. Minnesota Statutes 2014, section 298.292, subdivision 2, is amended to read:

**Subd. 2. Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section

298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner upon approval by after seeking a recommendation from the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 26. Minnesota Statutes 2014, section 298.294, is amended to read:

**298.294 INVESTMENT OF FUND.**

(a) The trust fund established by section 298.292 shall be invested pursuant to law by the State Board of Investment and the net interest, dividends, and other earnings arising from the investments shall be transferred, except as provided in paragraph (b), on the first day of each month to the trust and shall be included and become part of the trust fund. The amounts transferred, including the interest, dividends, and other earnings earned prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the commissioner of Iron Range resources and rehabilitation for deposit in a separate account for expenditure for the purposes set forth in section 298.292. Amounts appropriated pursuant to this section shall not cancel but shall remain available unless expended.

(b) For fiscal years 2010 and 2011 only, \$1,500,000 of the net interest, dividends, and other earnings under paragraph (a) shall be transferred to a special account. Funds in the special account are available for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage subsidies for up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to, short-term operating expenses and purchase of equipment and materials by businesses under financial duress, that will create additional jobs in the taconite assistance area under section 273.1341. Expenditures from the special account must be approved by the commissioner after seeking a recommendation from the board.

(c) To qualify for a grant or loan, a business must be currently operating and have been operating for one year immediately prior to its application for a loan or grant, and its corporate headquarters must be located in the taconite assistance area.

Sec. 27. Minnesota Statutes 2014, section 298.296, subdivision 1, is amended to read:

Subdivision 1. **Project approval.** (a) The commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board and commissioner, shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board commissioner unless it the commissioner, after seeking a recommendation from the board, finds that:

(a) (1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) (2) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) (3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

(b) Each project must be approved by ~~over one-half of all the members of the board and the commissioner of Iron Range resources and rehabilitation after seeking a recommendation from the board for the project.~~ The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The ~~board commissioner~~ may submit a supplemental ~~projects~~ project for approval at any time ~~after seeking a recommendation for the project from the board.~~

Sec. 28. Minnesota Statutes 2014, section 298.296, subdivision 2, is amended to read:

**Subd. 2. Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

(b) Additionally, upon recommendation by ~~the commissioner after seeking a recommendation from the board,~~ up to \$13,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.

(c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8, section 17, may be expended on projects. Funds may be expended for projects under this paragraph only if the project:

(1) is for the purposes established under section 298.292, subdivision 1, clause (1) or (2); and

(2) is approved by ~~two-thirds of all the members of the commissioner after seeking a recommendation from the board.~~

No money made available under this paragraph or paragraph (d) can be used for administrative or operating expenses of the Iron Range Resources and Rehabilitation Board or expenses relating to any facilities owned or operated by the board on May 18, 2002.

(d) Upon recommendation by ~~a unanimous vote of all members the commissioner after seeking a unanimous recommendation of the board,~~ amounts in addition to those authorized under paragraphs (a), (b), and (c) may be expended on projects described in section 298.292, subdivision 1.

(e) Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

(f) Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

(g) Additionally, notwithstanding section 298.293, upon the approval of the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board, money from the corpus of the trust may be expanded to purchase forest lands within the taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

Sec. 29. Minnesota Statutes 2014, section 298.296, subdivision 4, is amended to read:

**Subd. 4. Temporary loan authority.** (a) After seeking a recommendation from the board, the commissioner of Iron Range resources and rehabilitation may recommend that use up to \$7,500,000 from the corpus of the trust may be used for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the board commissioner of Iron Range resources and rehabilitation must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a). This amount must be reserved until it is used as described in this subdivision.

(c) Additionally, the board commissioner may recommend that up to \$5,500,000 from the corpus of the trust may be used for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(d) The commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board, may require that it the board receive an equity percentage in any project to which it contributes under this section.

Sec. 30. Minnesota Statutes 2014, section 298.2961, subdivision 2, is amended to read:

**Subd. 2. Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

(b) To be proposed by the board, a project must be approved by Before the commissioner may propose a project, the commissioner must seek a recommendation from the board. The money for a project may be spent only upon approval of the project by the governor. The board commissioner may submit a supplemental projects project for approval at any time after seeking a recommendation for the project from the board.

(c) The board commissioner may require that it the board receive an equity percentage in any project to which it contributes under this section.

Sec. 31. Minnesota Statutes 2014, section 298.2961, subdivision 4, is amended to read:

**Subd. 4. Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant

or loan made under this subdivision must first be approved by the commissioner after seeking a recommendation from the board, established under section 298.22.

(b) Distributions received in calendar year 2005 are allocated to the city of Virginia for improvements and repairs to the city's steam heating system.

(c) Distributions received in calendar year 2006 are allocated to a project of the public utilities commissions of the cities of Hibbing and Virginia to convert their electrical generating plants to the use of biomass products, such as wood.

(d) Distributions received in calendar year 2007 must be paid to the city of Tower to be used for the East Two Rivers project in or near the city of Tower.

(e) For distributions received in 2008, the first \$2,000,000 of the 2008 distribution must be paid to St. Louis County for deposit in its county road and bridge fund to be used for relocation of St. Louis County Road 715, commonly referred to as Pike River Road. The remainder of the 2008 distribution must be paid to St. Louis County for a grant to the city of Virginia for connecting sewer and water lines to the St. Louis County maintenance garage on Highway 135, further extending the lines to interconnect with the city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 32. Minnesota Statutes 2014, section 298.298, is amended to read:

**298.298 LONG-RANGE PLAN.**

Consistent with the policy established in sections 298.291 to 298.298, the Iron Range Resources and Rehabilitation Board shall prepare and present to the governor and the legislature by December 31, 2006, a long-range plan for the use of the Douglas J. Johnson economic protection trust fund for the economic development and diversification of the taconite assistance area defined in section 273.1341. No project shall be approved recommended by the Iron Range Resources and Rehabilitation Board which if the board finds that the project is not consistent with the goals and objectives established in the long-range plan.

Sec. 33. Minnesota Statutes 2014, section 298.46, subdivision 2, is amended to read:

**Subd. 2. Unmined iron ore; valuation petition.** When in the opinion of the duly constituted authorities of a taxing district there are in existence reserves of unmined iron ore located in such district, these authorities may petition the commissioner of Iron Range resources and rehabilitation Board for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be able to forecast in a proper manner its future economic and fiscal potentials. The commissioner of Iron Range resources and rehabilitation may grant the authority to petition after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

**Sec. 34. IRON RANGE RESOURCES AND REHABILITATION BOARD; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

(a) "Commissioner" as used in this section means the commissioner of the Iron Range Resources and Rehabilitation Board unless otherwise specified.

(b) Notwithstanding any law to the contrary, the commissioner, in consultation with the commissioner of management and budget, shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation incentive program for employees of the commissioner whose positions are in support of operations at Giants Ridge and will be eliminated if the agency no longer directly manages Giants Ridge operations.

(c) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(d) The commissioner shall establish eligibility requirements for employees to receive an incentive.

(e) The commissioner, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (f), may designate specific programs or employees as eligible to be offered the incentive program.

(f) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner.

(g) The cost of the incentive is payable solely by funds made available to the commissioner by law, but only on prior approval of the expenditures by the commissioner, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

(h) Unilateral implementation of this section by the commissioner is not an unfair labor practice under Minnesota Statutes, chapter 179A.

**EFFECTIVE DATE.** This section is effective the day following final enactment. This section is repealed June 30, 2017.

**Sec. 35. REVISOR'S INSTRUCTION.**

The revisor of statutes shall identify and propose necessary changes to Minnesota Statutes and Minnesota Rules that are consistent with the goals of this act to (i) transfer discretionary approval authority for all expenditures and projects from the Iron Range Resources and Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation, and (ii) provide that the commissioner must, in good faith, seek the review and recommendation of the board, as required, before exercising approval authority. The revisor shall submit the proposal, in a form ready for introduction, during the 2017 regular legislative session to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over taxes.

**ARTICLE 10****SUSTAINABLE FOREST INCENTIVE ACT MODIFICATIONS**

Section 1. Minnesota Statutes 2014, section 290C.01, is amended to read:

**290C.01 PURPOSE.**

It is the policy of this state to promote sustainable forest resource management on the state's public and private lands. Recognizing that The state's private forests comprise approximately one-half of the state forest land resources, that healthy and robust forest land provides significant benefits to the state of Minnesota, and that ad. These forests play a critical role in protecting water quality and soil resources, and provide extensive wildlife habitat, diverse recreational experiences, and significant forest products that support the state's economy. Ad valorem property taxes represent a significant annual cost that can discourage long-term forest management investments. In order to foster silviculture investments and retain these forests for their economic and ecological benefits, this chapter, hereafter referred to as the "Sustainable Forest Incentive Act," is enacted to encourage the state's private forest landowners to make a long-term commitment to sustainable forest management.

Sec. 2. Minnesota Statutes 2014, section 290C.02, subdivision 1, is amended to read:

Subdivision 1. **Application.** When used in sections 290C.01 to ~~290C.11~~ 290C.13, the terms in this section have the meanings given them.

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

Sec. 3. Minnesota Statutes 2014, section 290C.02, subdivision 3, is amended to read:

Subd. 3. **Claimant.** (a) "Claimant" means:

(1) a person, as that term is defined in section 290.01, subdivision 2, who owns forest land in Minnesota and files an application authorized by the Sustainable Forest Incentive Act;

(2) a purchaser or grantee if property enrolled in the program was sold or transferred after the original application was filed and prior to the annual incentive payment being made; or

(3) an owner of land previously covered by an auxiliary forest contract that automatically qualifies for inclusion in the Sustainable Forest Incentive Act program pursuant to section 88.49, subdivision 9a, or 88.491, subdivision 2.

~~The purchaser or grantee must notify the commissioner in writing of the sale or transfer of the property.~~ (b) Owners of land that qualifies for inclusion pursuant to section 88.49, subdivision 9a, or 88.491, subdivision 2, must notify the commissioner in writing of the expiration of the auxiliary forest contract or land trade with a governmental unit and submit an application to the commissioner by ~~August 15~~ July 1 in order to be eligible to receive a payment by October 1 of that same year. For purposes of section 290C.11, claimant also includes any person bound by the covenant required in section 290C.04.

(b) (c) No more than one claimant is entitled to a payment under this chapter with respect to any tract, parcel, or piece of land enrolled under this chapter that has been assigned the same parcel identification number. When enrolled forest land is owned by two or more persons, the owners must determine between them which person is eligible to claim the payments provided under sections

290C.01 to ~~290C.11~~ 209C.13. In the case of property sold or transferred, the former owner and the purchaser or grantee must determine between them which person is eligible to claim the payments provided under sections 290C.01 to ~~290C.11~~ 209C.13. The owners, transferees, or grantees must notify the commissioner in writing which person is eligible to claim the payments.

**EFFECTIVE DATE.** This section is effective for certifications and applications due in 2017 and thereafter.

Sec. 4. Minnesota Statutes 2014, section 290C.02, subdivision 6, is amended to read:

Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20 contiguous acres for which the owner has implemented a forest management plan that was prepared or updated within the past ten years by an approved plan writer. For purposes of this subdivision, acres are considered to be contiguous even if they are separated by a road, waterway, railroad track, or other similar intervening property. At least 50 percent of the contiguous acreage must meet the definition of forest land in section 88.01, subdivision 7. For the purposes of sections 290C.01 to ~~290C.11~~ 209C.13, forest land does not include (i) land used for residential or agricultural purposes, (ii) land enrolled in the reinvest in Minnesota program, a state or federal conservation reserve or easement reserve program under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under section 273.111, or land subject to agricultural land preservation controls or restrictions as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under chapter 473H, (iii) ~~land exceeding 60,000 acres that is subject to a single conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity; (iv)~~ any land that becomes subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity after May 30, 2013; or (v) ~~(iv)~~ land improved with a structure; pavement, other than a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision; sewer; campsite; or any road, other than a township road, used for purposes not prescribed in the forest management plan.

**EFFECTIVE DATE.** This section is effective for applications made in 2017 and thereafter.

Sec. 5. Minnesota Statutes 2014, section 290C.03, is amended to read:

### **290C.03 ELIGIBILITY REQUIREMENTS.**

(a) Land may be enrolled in the sustainable forest incentive program under this chapter if all of the following conditions are met:

(1) the land consists of at least 20 contiguous acres and at least 50 percent of the land must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

(2) a forest management plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is enrolled;

(3) timber harvesting and forest management guidelines must be used in conjunction with any timber harvesting or forest management activities conducted on the land during the period in which the land is enrolled;

(4) the land must be enrolled for a minimum of eight years;

(5) there are no delinquent property taxes on the land; and

(6) claimants enrolling more than 1,920 acres or enrolling any land that is subject to a conservation easement funded under section 97A.056, or a comparable permanent easement conveyed to a governmental or nonprofit entity in the sustainable forest incentive program must allow year-round, nonmotorized access to fish and wildlife resources and motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed for safety, natural resource, or road damage reasons on enrolled land except within one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined by the commissioner of natural resources;

(7) the claimant has registered the forest management plan under clause (2) with the commissioner of natural resources, who has determined that the land meets qualifications for enrollment; and

(8) the land is not classified as class 2c managed forest land.

(b) Claimants required to allow access under paragraph (a), clause (6), do not by that action:

(1) extend any assurance that the land is safe for any purpose;

(2) confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(3) assume responsibility for or incur liability for any injury to the person or property caused by an act or omission of the person.

(c) The commissioner of natural resources shall annually provide county assessors verification information regarding plan registration under paragraph (a), clause (7), on a timely basis.

(d) A minimum of three acres must be excluded from enrolled land when the land is improved with a structure that is not a minor, ancillary, and nonresidential structure.

(e) If land does not meet the definition of forest land in section 290C.02, subdivision 6, because the land is:

(1) enrolled in a state or federal conservation reserve or easement program under sections 103F.501 to 103F.531;

(2) subject to the Minnesota agricultural property tax under section 273.111; or

(3) subject to agricultural land preservation controls or restrictions as defined in section 40A.02, or the Metropolitan Agricultural Preserves Act under chapter 473H, the entire tax parcel that contains the land is not eligible to be enrolled in the program.

**EFFECTIVE DATE.** This section is effective for certifications and applications due in 2017 and thereafter.

Sec. 6. Minnesota Statutes 2014, section 290C.04, is amended to read:

#### **290C.04 APPLICATIONS.**

(a) A landowner may apply to enroll forest land for the sustainable forest incentive program under this chapter. The claimant must complete, sign, and submit an application to the commissioner by September 30 in order for the land to become eligible beginning in the next year. The application shall be on a form prescribed by the ~~commissioner~~ commissioners of revenue and natural

resources and must include the information the commissioner deems necessary. At a minimum, the application must show the following information for the land and the claimant: (i) the claimant's Social Security number or state or federal business tax registration number and date of birth, (ii) the claimant's address, (iii) the claimant's signature, (iv) the county's parcel identification numbers for the tax parcels that completely contain the claimant's forest land that is sought to be enrolled, (v) the number of acres eligible for enrollment in the program, (vi) the approved plan writer's signature and identification number, and (vii) proof, in a form specified by the commissioner, that the claimant has executed and acknowledged in the manner required by law for a deed, and recorded, a covenant that the land is not and shall not be developed in a manner inconsistent with the requirements and conditions of this chapter, and (viii) a registration number for the forest management plan, issued by the commissioner of natural resources. The covenant shall state in writing that the covenant is binding on the claimant and the claimant's successor or assignee, and that it runs with the land for a period of not less than eight years unless the claimant requests termination of the covenant after a reduction in payments due to changes in the payment formula under section 290C.07 or as a result of executive action, the amount of payment a claimant is eligible to receive under section 290C.07 is reduced or limited. The commissioner shall specify the form of the covenant and provide copies upon request. The covenant must include a legal description that encompasses all the forest land that the claimant wishes to enroll under this section or the certificate of title number for that land if it is registered land. The commissioner of natural resources shall record the area eligible for enrollment into the Sustainable Forest Incentive Act as electronic geospatial data, as defined in section 16E.30, subdivision 10.

(b) The commissioner shall provide a copy of the application filed by the claimant and all supporting materials to the commissioner of natural resources within 15 days of receipt or by September 1, whichever is sooner. The commissioner of natural resources must notify the commissioner whether the applicant qualifies for enrollment within 30 days of receipt, and if the applicant qualifies for enrollment, the commissioner of natural resources shall specify the number of qualifying acres per tax parcel.

(b) In all cases, (c) The commissioner shall notify the claimant within 90 days after receipt of a completed application that either the land has or has not been approved for enrollment. A claimant whose application is denied may appeal the denial as provided in section 290C.13.

(c) (d) Within 90 days after the denial of an application, or within 90 days after the final resolution of any appeal related to the denial, the commissioner shall execute and acknowledge a document releasing the land from the covenant required under this chapter. The document must be mailed to the claimant and is entitled to be recorded.

(d) (e) The Social Security numbers collected from individuals under this section are private data as provided in section 13.355. The federal business tax registration number and date of birth data collected under this section are also private data on individuals or nonpublic data, as defined in section 13.02, subdivisions 9 and 12, but may be shared with county assessors for purposes of tax administration and with county treasurers for purposes of the revenue recapture under chapter 270A.

**EFFECTIVE DATE.** This section is effective for certifications and applications due in 2017 and thereafter.

Sec. 7. Minnesota Statutes 2014, section 290C.05, is amended to read:

**290C.05 ANNUAL CERTIFICATION AND MONITORING.**

(a) On or before July 1 May 15 of each year, beginning with the year after the original claimant has received an approved application, the commissioner shall send each claimant enrolled under the sustainable forest incentive program a certification form. For purposes of this section, the original claimant is the person that filed the first application under section 290C.04 to enroll the land in the program current property owner on record, or the person designated by the owners in the case of multiple ownership. The claimant must sign and return the certification, attesting to the commissioner by July 1 of that same year, and (1) attest that the requirements and conditions for continued enrollment in the program are currently being met, and must return the signed certification form to the commissioner by August 15 of that same year (2) provide a report in the form and manner determined by the commissioner of natural resources describing the management practices that have been carried out on the enrolled property during the prior year. If the claimant does not return an annual certification form by the due date, the provisions in section 290C.11 apply. The commissioner of natural resources must verify that the claimant meets program requirements.

(b) The commissioner must provide the certification form and annual report described in paragraph (a), clause (2), to the commissioner of natural resources by August 1.

(c) The commissioner of natural resources must conduct annual monitoring of a subset of claimants, excluding land also enrolled in a conservation easement program. Claimants will be selected for monitoring based on reported violations, annual certification, and random selections. Monitoring will be conducted on ten percent of claimants as of July 1 of each year. Monitoring may include, but is not limited to, a site visit by a Department of Natural Resources or contracted forester. The commissioner of natural resources must develop a monitoring form to record the monitoring data.

**EFFECTIVE DATE.** Paragraphs (a) and (b) are effective for certifications and applications due in 2017 and thereafter. Paragraph (c) is effective July 1, 2019.

Sec. 8. Minnesota Statutes 2014, section 290C.055, is amended to read:

**290C.055 LENGTH OF COVENANT.**

(a) The covenant remains in effect for a minimum of eight years. Claimants enrolling any land that is subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity must enroll their land under a covenant with a minimum duration of eight years. All other claimants may choose to enroll their land under a covenant with a minimum duration of eight, 20, or 50 years. If land is removed the claimant requests removal of land from the program before it has been enrolled for four years one-half the number of years of the covenant's duration, the covenant remains in effect for eight years the entire duration of the covenant from the date recorded.

(b) If land that has been enrolled for four years one-half the number of years of the covenant's minimum duration or more is removed from the program for any reason, there is a waiting period before the covenant terminates. The covenant terminates on January 1 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year minimum covenant, respectively, that begins after the date that:

(1) the commissioner receives notification from the claimant that the claimant wishes to remove the land from the program under section 290C.10; or

(2) the date that the land is removed from the program under section 290C.11.

(c) Notwithstanding the other provisions of this section, the covenant is terminated:

(1) at the same time that the land is removed from the program due to acquisition of title or possession for a public purpose under section 290C.10; or

(2) at the request of the claimant after (i) if there is a reduction in payments due to changes in the payment formula under section 290C.07; or (ii) if, as a result of executive action, the amount of payment a claimant is eligible to receive under section 290C.07 is reduced or limited.

**EFFECTIVE DATE.** This section is effective for certifications and applications in 2017 and thereafter.

Sec. 9. Minnesota Statutes 2014, section 290C.07, is amended to read:

**290C.07 CALCULATION OF INCENTIVE PAYMENT.**

(a) An approved claimant under the sustainable forest incentive program is eligible to receive an annual payment for each acre of enrolled land, excluding any acre improved with a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision. The payment shall equal \$7 per acre for each acre enrolled in the sustainable forest incentive program, a percentage of the property tax that would be paid on the land determined by using the previous year's statewide average total tax rate for all taxes levied within townships and unorganized territories, the estimated market value per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for claimants enrolling land that is subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity before May 31, 2013, 25 percent; (2) for claimants enrolling land that is not subject to a conservation easement under an eight-year covenant, 65 percent; (3) for claimants enrolling land that is not subject to a conservation easement under a 20-year covenant, 90 percent; and (4) for claimants enrolling land that is not subject to a conservation easement under a 50-year covenant, 115 percent.

(b) The calculated payment shall not be less than the payment received in 2016 and shall not increase or decrease by more than ten percent relative to the payment received for the previous year.

(c) In addition to the payments provided under this section, a claimant enrolling more than 1,920 acres shall be allowed an additional payment per acre equal to the amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land subject to a conservation easement funded under section 97A.056, or a permanent easement conveyed to a governmental or nonprofit entity that is required to allow for public access under section 290C.03, paragraph (a), clause (6).

**EFFECTIVE DATE.** This section is effective for calculations made in 2017 and thereafter.

Sec. 10. Minnesota Statutes 2014, section 290C.08, subdivision 1, is amended to read:

**Subdivision 1. Annual payment.** An incentive payment for each acre of enrolled land will be made annually to each claimant in the amount determined under section 290C.07. By September 15 of each year, the commissioner of natural resources will certify to the commissioner the eligibility

of each claimant to receive a payment. The incentive payment shall be paid by the commissioner on or before October 1 each year based on the certifications due August 15 July 1 of that year. Interest at the annual rate determined under section 270C.40 shall be included with any incentive payment not paid by the later of October 1 of the year the certification was due, or 45 days after the completed certification was returned or filed if the commissioner accepts a certification filed after August 15 July 1 of the taxes payable year as the resolution of an appeal.

**EFFECTIVE DATE.** This section is effective for certifications and applications due in 2017 and thereafter.

Sec. 11. Minnesota Statutes 2014, section 290C.10, is amended to read:

**290C.10 WITHDRAWAL PROCEDURES.**

An approved claimant (a) The current owner of land enrolled under the sustainable forest incentive program for a minimum of four years one-half the number of years of the covenant's minimum duration may notify the commissioner of the intent to terminate enrollment. Within 90 days of receipt of notice to terminate enrollment, the commissioner shall inform the claimant in writing, acknowledging receipt of this notice and indicating the effective date of termination from the sustainable forest incentive program. Termination of enrollment in the sustainable forest incentive program occurs on January 1 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year respective minimum covenant that begins after receipt by the commissioner of the termination notice. After the commissioner issues an effective date of termination, a claimant wishing to continue the land's enrollment in the sustainable forest incentive program beyond the termination date must apply for enrollment as prescribed in section 290C.04. A claimant who withdraws a parcel of land from this program may not reenroll the parcel for a period of three years. Within 90 days after the termination date, the commissioner shall execute and acknowledge a document releasing the land from the covenant required under this chapter. The document must be mailed to the claimant and is entitled to be recorded.

(b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the state of Minnesota, any local government unit, or any other entity which has the power of eminent domain acquires title or possession to the land for a public purpose notwithstanding the provisions of this section. In the case of such an eligible acquisition under this paragraph, the commissioner shall execute and acknowledge a document releasing the land acquired by the state, local government unit, or other entity from the covenant.

(c) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty when a government or nonprofit entity acquires a permanent conservation easement on the enrolled property and the conservation easement is at least as restrictive as the covenant required under section 290C.04. The commissioner of natural resources must notify the commissioner of lands acquired under this paragraph that are eligible for withdrawal. In the case of an eligible easement acquisition under this paragraph, the commissioner shall execute and acknowledge a document releasing the land subject to the easement from the covenant.

(d) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty for land that is subject to fee or easement acquisition or lease to the state of Minnesota or a political subdivision of the

state for the public purpose of a paved trail. The commissioner of natural resources must notify the commissioner of lands acquired under this paragraph that are eligible for withdrawal. In the case of an eligible fee or easement acquisition or lease under this paragraph, the commissioner shall execute and acknowledge a document releasing the land subject to fee or easement acquisition or lease by the state or political subdivision of the state.

(e) All other enrolled land must remain in the program.

**EFFECTIVE DATE.** The amendments to paragraphs (c) and (d) are effective the day following final enactment. The amendments to paragraphs (a), (b), and (e) are effective for notifications made in 2017 and thereafter.

**Sec. 12. [290C.101] TRANSFER OF OWNERSHIP.**

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

(b) "New owner" means a prospective purchaser or grantee.

(c) "Owner" means a grantor or seller.

Subd. 2. Notification to commissioner. (a) An owner must notify the commissioner if the owner transfers any or all of the owner's land enrolled in the sustainable forest incentive program to one or more new owners within 60 days of the transfer of title to the property. The notification must include the legal descriptions of the transferred property, the tax parcel numbers, and the name and address of the new owner. If transfer of ownership is a result of the death of the claimant, the provisions of section 290C.12 shall apply.

(b) Upon notification, the commissioner shall inform the new owner of the restrictions of the covenant required by section 290C.04 and the withdrawal procedures under section 290C.10. In order for the new owner to receive payments pursuant to this chapter, the new owner must file an application and register a new forest management plan with the commissioner of natural resources within two years from the date the title of the property was transferred to remain eligible.

Subd. 3. Termination of enrollment. The commissioner will terminate enrollment according to the procedure in section 290C.10 for failure of the new owner to register a forest management plan within the time period in subdivision 2, paragraph (b).

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

Sec. 13. Minnesota Statutes 2014, section 290C.11, is amended to read:

**290C.11 PENALTIES FOR REMOVAL.**

(a) If the commissioner determines that land enrolled in the sustainable forest incentive program is in violation of the conditions for enrollment as specified in section 290C.03, or upon notification by the commissioner of natural resources that land enrolled is in violation of the conditions for enrollment, the commissioner shall notify the claimant current owner of the land of the intent to remove all the tax parcel of the enrolled land where the violation has occurred from the sustainable forest incentive program. The penalties described under paragraph (c) apply. The claimant current owner has 60 days to appeal this determination under the provisions of section 290C.13.

(b) If the commissioner determines the land is to be removed from the sustainable forest incentive program due to the construction or addition of an improvement to the property, the claimant owner of the tax parcel that is in violation is liable for payment to the commissioner in the amount equal to: (1) the payments received issued related to the enrolled tax parcel under this chapter for the previous four-year period in the case of an eight-year minimum covenant, ten-year period in the case of a 20-year minimum covenant, or 25-year period in the case of a 50-year minimum covenant, plus interest; and (2) 25 percent of the estimated market value of the property as reclassified under section 273.13 due to the structure being on the tax parcel, as determined by the assessor.

(c) If the commissioner of natural resources determines that the land is used for purposes other than forestry purposes, the commissioner of natural resources shall notify the commissioner of revenue, who shall notify the current owner of the tax parcel that is in violation that the current owner is liable to the commissioner in an amount equal to: (1) 30 percent of the estimated market value as property reclassified under section 273.13, due to the change in use, as determined by the assessor; and (2) the payments issued related to the enrolled tax parcel under this chapter for the previous four-year period in the case of an eight-year covenant, ten-year period in the case of a 20-year covenant, or 25-year period in the case of a 50-year covenant, plus interest.

(d) The claimant has 90 days to satisfy the payment for removal of land from the sustainable forest incentive program under this section. If the penalty is not paid within the 90-day period under this paragraph, the commissioner shall certify the amount to the county auditor for collection as a part of the general ad valorem real property taxes on the land in the following taxes payable year.

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

Sec. 14. Minnesota Statutes 2014, section 290C.13, subdivision 6, is amended to read:

Subd. 6. **Determination of appeal.** On the basis of applicable law and available information, the commissioner shall determine the validity, if any, in whole or in part, of the appeal and notify the claimant of the decision. This notice must be in writing and contain the basis for the determination. The commissioner shall consult with the commissioner of natural resources when an appeal relates to the use of the property for forestry or nonforestry purposes and for appeals related to forest management plans.

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

**Sec. 15. SUSTAINABLE FOREST INCENTIVE ACT; TRANSITION PROVISION.**

(a) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2016, the owner of enrolled lands may elect through May 15, 2018, and without penalty, to change the length of a covenant, if eligible, under Minnesota Statutes, section 290C.055. The owner of enrolled land must provide notice to the Department of Revenue of its intent to change the length of its covenant.

(b) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2016, the owner of enrolled land must comply with the changes made in the act by certifications due in 2018, as required under Minnesota Statutes, section 290C.05.

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

**Sec. 16. ADMINISTRATIVE APPROPRIATION.**

\$600,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of natural resources for administering this article. The funding base for administering this article in fiscal year 2018 and thereafter is \$600,000.

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

**Sec. 17. REPEALER.**

Minnesota Statutes 2014, section 290C.02, subdivisions 5 and 9, are repealed.

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

## ARTICLE 11

### MISCELLANEOUS

Section 1. Minnesota Statutes 2015 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

- (1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;
  - (2) the budget reserve account established in subdivision 1a until that account reaches \$810,992,000 \$1,596,522,000;
  - (3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and
  - (4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; ,
  - (5) the closed landfill investment fund established in section 115B.421 until \$63,215,000 has been transferred into the account. This clause expires after the entire amount of the transfer has been made; and
  - (6) the metropolitan landfill contingency action trust account established in section 473.845 until \$8,100,000 has been transferred into the account. This clause expires after the entire amount of the transfer has been made.
- (b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.
- (c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The

commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

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

**Sec. 2. [116J.952] NEW MARKETS GRANT PROGRAM.**

Subdivision 1. Grant program established. The commissioner shall award new markets grants for qualified low-income community investments as specified under this section. The commissioner shall adopt rules to establish criteria for determining grant eligibility.

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Applicant" means a qualified community development entity as defined in paragraph (h).

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Greater Minnesota" means the area of the state that excludes the metropolitan area, as defined in section 473.121, subdivision 2.

(e) "Internal Revenue Code" has the meaning given in section 290.01, subdivision 31.

(f) "Qualified active low-income community business" has the meaning given in section 45D of the Internal Revenue Code. The term does not include:

(1) any trade or business engaged in insurance, banking, lending, lobbying, political consulting, or leisure; or

(2) any trade or business activity consisting of the operation of any private or commercial golf course, country club, suntan facility, hot tub facility, massage parlor, race track, or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(g) "Low-income communities" as defined in section 45D of the Internal Revenue Code and applied to any term or requirement used in this section or an incorporated provision of federal law includes the area of any home rule charter or statutory city that:

(1) is located in greater Minnesota;

(2) has a population, as defined in section 477A.011, subdivision 3, of 500 or more; and

(3) has net tax capacity of property, classified as class 3 under section 273.13, of less than \$500 per capita for property taxes assessed in 2015, payable in 2016, including the city's distribution net tax capacity and excluding its contribution net tax capacity under chapter 276A.

(h) "Qualified community development entity" has the meaning given in section 45D of the Internal Revenue Code, provided that the entity has direct lending experience serving businesses in disadvantaged communities in the state and a primary mission of economic development.

(i) "Qualified low-income community investment" means any capital or equity investment in, or loan to, any qualified active low-income community business.

Subd. 3. **Grant awards.** The commissioner shall award grants to qualified community development entities based on a competitive review of applications received by the commissioner using criteria established in subdivision 4.

Subd. 4. **Application.** (a) The commissioner shall develop an application form requiring information necessary to evaluate the benefits to Minnesota from awarding the grants.

(b) Prior to awarding grants to an applicant under this subdivision, the commissioner shall consider the following:

(1) whether the qualified community development entity has demonstrated experience providing capital or technical assistance to disadvantaged businesses or communities in the state;

(2) the extent to which an applicant demonstrates direct experience in asset and risk management and in fulfilling government compliance requirements;

(3) the extent to which an applicant demonstrates a capitalization strategy that ensures that the economic benefit of the grant allocation remains in the state;

(4) the extent to which the applicant establishes standards for wages and benefits exceeding federal poverty guidelines and includes a means by which to monitor and measure ongoing compliance with those standards;

(5) the financial contributions expected to be made to the project from nonstate sources; and

(6) any other criteria the commissioner deems necessary.

Subd. 5. **Annual reporting by community development entities.** A community development entity that has been awarded a grant must submit an annual report to the commissioner within 180 days after the end of the fiscal year. The report must include information on investments made in the preceding year, including but not limited to the following:

(1) the types of industries, identified by the North American Industry Classification System Code, in which a qualified low-income community investment was made;

(2) the names of the counties in which the qualified active low-income community businesses are located which received qualified low-income community investments;

(3) the number of jobs created and retained by qualified active low-income community businesses receiving qualified low-income community investments, including verification that the average wages and benefits paid to full-time employees, based on an hourly wage for a 40-hour work week, meet or exceed 105 percent of the federal poverty income guidelines for a family of four; and

(4) other information and documentation required by the commissioner to verify continued certification as a qualified community development entity under United States Code, title 26, section 45D.

Subd. 6. **Application fees; fund created.** The qualified community development entity must submit a nonrefundable application fee at the time the application is submitted equal to the amount published in the Minnesota new markets grant program application. The commissioner may allow up to 25 percent of the fee to be submitted up to 180 days following the grant award and up to 25

percent of the fee to be submitted up to 270 days following the grant award. Application fees are deposited in the new markets grant program administration account in the special revenue fund.

Subd. 7. **Administrative fees.** Upon the issuance of a qualified low-income community investment by a qualified community development entity, an administrative fee in an amount determined by the commissioner and published in the grant agreement must be deposited in the new markets grant program administration account in the special revenue fund.

Subd. 8. **Administrative expenses.** Amounts in the new markets grant program administration account are appropriated annually to the commissioner for administrative expenses related to administering the new markets grant program in this section.

Subd. 9. **Annual report.** The commissioner shall annually by January 15, 2018 through 2023, report to the chairs and ranking minority members of the legislative committees on economic development on the implementation of the grant program, including an evaluation of the success and economic impact of the program in the state. The report must include:

- (1) the number of women-owned and minority-owned businesses assisted by the grants;
- (2) the number of greater Minnesota-located businesses assisted by the grants and the amount of that assistance;
- (3) the number of metropolitan area-located businesses assisted by the grants and the amount of that assistance;
- (4) the number of jobs created by the grants including the number of women and minorities obtaining jobs; and
- (5) the number of jobs created by the grants located in greater Minnesota and in the metropolitan area.

Subd. 10. **Expiration.** This section expires the earlier of July 1, 2024, or when the last of the grant funds have been awarded. The commissioner must issue the rules for the implementation of this section to allow commencement of grant awards by January 1, 2017.

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

**Sec. 3. [270C.22] TAX TIME SAVINGS GRANT PROGRAM.**

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

(b) "Financial capability services" means any of the following:

(1) assistance with opening a savings or transactional account that meets the Federal Deposit Insurance Corporation's model safe accounts template standards;

(2) assistance with depositing all or part of a tax refund into a savings or transactional account;

(3) assistance with obtaining and reviewing a consumer report or credit score, as those terms are defined in United States Code, title 15, section 1681a;

(4) assistance with obtaining and reviewing a banking history report;

(5) financial coaching, or referral to financial coaching services, as provided in section 256E.35, subdivision 4a;

(6) National Foundation for Credit Counseling certified consumer credit and debt counseling or referral to these services;

(7) enrollment in a matched or incentivized savings program, including the provision of matching or incentive funds;

(8) assistance with purchasing federal retirement savings bonds, as described in Code of Federal Regulations, title 31, part 347, or referral to a certified financial planner, registered investment adviser, licensed insurance producer or agent, or a registered securities broker-dealer representative for private sector retirement options; or

(9) assistance with purchasing a Series I United States Savings Bond with all or part of a tax refund.

(c) "Transactional account" means a traditional demand deposit account or a general purpose reloadable prepaid card offered by a bank or credit union.

(d) "TCE" means the Tax Counseling for the Elderly program established by the Internal Revenue Service.

(e) "VITA" means the Volunteer Income Tax Assistance program established by the Internal Revenue Service.

Subd. 2. **Creation.** The commissioner of revenue shall establish a tax time savings grant program to make grants to one or more nonprofit organizations to fund the integration of financial capability services into the delivery of taxpayer assistance services funded by grants under section 270C.21.

Subd. 3. **Qualified applicant.** To be eligible to receive a grant under the tax time savings grant program, an applicant must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with the Internal Revenue Service as part of either the VITA or TCE programs; and

(2) commit to dedicate at least one staff or volunteer position to coordinate financial capability services at a VITA or TCE program site and to offer VITA or TCE program participants free assistance with the initiation through completion of:

(i) opening a savings and a transactional account that meet the Federal Deposit Insurance Corporation's model safe accounts template standards;

(ii) depositing all or part of a tax refund into a savings or transactional account; and

(iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

Subd. 4. **Conflict of interest.** (a) No applicant may receive direct compensation from a bank, credit union, other financial services provider, or vendor in exchange for the applicant offering to program participants the products or services of that bank, credit union, other financial services provider, or vendor.

(b) No applicant may receive funding from a bank, credit union, other financial services provider, or vendor that is contingent on the applicant offering products or services of that bank, credit union, other financial services provider, or vendor to program participants.

(c) An applicant may receive funding from a bank, credit union, other financial services provider, or vendor that is not in exchange for or contingent upon the applicant offering products or services of that bank, credit union, other financial services provider, or vendor to program participants.

Subd. 5. **Permitted use of grant funds.** (a) A grant recipient may use grant funds to dedicate a staff or volunteer position to coordinate financial capability services at a VITA or TCE site and to offer VITA or TCE program participants free assistance with the initiation through completion of:

(1) opening a savings and a transactional account that meet the Federal Deposit Insurance Corporation's model safe accounts template standards;

(2) depositing all or part of a tax refund into a savings or transactional account; and

(3) purchasing a Series I United States Savings Bond with all or part of a tax refund.

(b) A grant recipient who offers all of the financial capability services enumerated in paragraph (a) may also use grant funds to provide one or more additional financial capability services to VITA or TCE program participants at no cost to the participant.

Sec. 4. Minnesota Statutes 2014, section 271.08, subdivision 1, is amended to read:

Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division, shall determine every appeal by written order containing findings of fact and the decision of the tax court. A memorandum of the grounds of the decision shall be appended. Notice of the entry of the order and of the substance of the decision shall be mailed to all parties. A motion for rehearing, which includes a motion for amended findings of fact, conclusions of law, or a new trial, must be served by the moving party within 15 30 days after mailing of the notice by the court as specified in this subdivision, and the motion must be heard within 30 60 days thereafter, unless the time for hearing is extended by the court within the 30-day 60-day period for good cause shown.

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

Sec. 5. Minnesota Statutes 2014, section 271.21, subdivision 2, is amended to read:

Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division shall have jurisdiction only in the following matters:

(a) cases involving valuation, assessment, or taxation of real or personal property, if:

(i) the issue is a denial of a current year application for the homestead classification for the taxpayer's property;

(ii) only one parcel is included in the petition, the entire parcel is classified as homestead class 1a or 1b under section 273.13, and the parcel contains no more than one dwelling unit;

(iii) the entire property is classified as agricultural homestead class 2a or 1b under section 273.13; or

(iv) the assessor's estimated market value of the property included in the petition is less than \$300,000; or

(b) any case not involving valuation, assessment, or taxation of real and personal property in which the amount in controversy does not exceed \$5,000 \$15,000, including penalty and interest.

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

Sec. 6. Minnesota Statutes 2014, section 289A.60, is amended by adding a subdivision to read:

**Subd. 32. Sales suppression.** (a) A person who:

- (1) sells;
- (2) transfers;
- (3) develops;
- (4) manufactures; or
- (5) possesses with the intent to sell or transfer

an automated sales suppression device, zapper, phantom-ware, or similar device capable of being used to commit tax fraud or suppress sales is liable for a civil penalty calculated under paragraph (b).

(b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total amount of all taxes and penalties due that are attributable to the use of any automated sales suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer, development, or manufacture of the automated sales suppression device, zapper, phantom-ware, or similar device by the person.

(c) The definitions in section 609.858 apply to this subdivision.

**EFFECTIVE DATE.** This section is effective for activities enumerated in paragraph (a) that occur after July 1, 2016.

Sec. 7. Minnesota Statutes 2014, section 290A.03, subdivision 13, is amended to read:

**Subd. 13. Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead, or does not deduct expenses under section 280A of the Internal Revenue Code for a business operated in the home, in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the

homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

**EFFECTIVE DATE.** This section is effective for refunds based on rent paid after December 31, 2014, and property taxes payable after December 31, 2015.

Sec. 8. Minnesota Statutes 2014, section 469.169, is amended by adding a subdivision to read:

Subd. 20. Additional allocation; 2016. In addition to the tax reductions in subdivisions 12 to 19, \$3,000,000 is allocated for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall allocate this amount among cities on a per capita basis. Allocations under this subdivision may be used for tax reductions under sections 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary to retain a business within or attract a business to the zone.

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

Sec. 9. Minnesota Statutes 2014, section 609.5316, subdivision 3, is amended to read:

Subd. 3. Weapons, telephone cloning paraphernalia, automated sales suppression devices, and bullet-resistant vests. Weapons used are contraband and must be summarily forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as defined in section 609.486, worn or possessed during the commission or attempted commission of a crime are contraband and must be summarily forfeited to the appropriate agency upon conviction of the owner or possessor for a controlled substance crime or for any offense of this chapter. Telephone cloning paraphernalia used in a violation of section 609.894, and automated sales suppression devices, phantom-ware, and other devices containing an automated sales suppression or phantom-ware device or software used in violation of section 609.858, are contraband and must be summarily forfeited to the appropriate agency upon a conviction.

Sec. 10. **[609.858] USE OF AUTOMATED SALES SUPPRESSION DEVICES.**

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

(b) "Automated sales suppression device" or "zapper" means a software program, carried on any tangible medium, or accessed through any other means, that falsifies the electronic records of electronic cash registers and other point-of-sale systems including, but not limited to, transaction data and transaction reports.

(c) "Electronic cash register" means a device that keeps a register or supporting documents through the means of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing retail sales transaction data in whatever manner.

(d) "Phantom-ware" means hidden preinstalled, or later-installed programming option embedded in the operating system of an electronic cash register or hardwired into the electronic cash register that can be used to create a virtual second electronic cash register or may eliminate or manipulate transaction records that may or may not be preserved in digital formats to represent the true or manipulated record of transactions in the electronic cash register.

(e) "Transaction data" includes items purchased by a customer, the price of each item, the taxability determination for each item, a segregated tax amount for each of the taxed items, the date and time of the purchase, the name, address and identification number of the vendor, and the receipt or invoice number of the transaction.

(f) "Transaction report" means a report documenting, but not limited to, the sales, taxes collected, media totals, and discount voids at an electronic cash register that is printed on cash register tape at the end of a day or shift, or a report documenting every action at an electronic cash register that is stored electronically.

Subd. 2. **Felony.** A person who sells, purchases, installs, transfers, possesses, develops, manufactures, accesses, or uses an automated sales suppression device, zapper, phantom-ware, or similar device knowing that the device or phantom-ware is capable of being used to commit tax fraud or suppress sales is guilty of a felony and may be sentenced to imprisonment for not more than five years or to a payment of a fine of not more than \$10,000, or both.

Subd. 3. **Forfeiture.** An automated sales suppression device, zapper, phantom-ware, and any other device containing an automated sales suppression, zapper, or phantom-ware device or software is contraband and subject to forfeiture under section 609.5316.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

**Sec. 11. APPROPRIATIONS.**

Subdivision 1. **New markets grant program.** \$30,000,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of employment and economic development for the new markets grant program under Minnesota Statutes, section 116J.952. This appropriation is a onetime appropriation and is available until June 30, 2024. The commissioner may award grants of up to \$10,000,000 per fiscal year.

Subd. 2. **Department of Revenue.** \$5,000,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of revenue for administering this act. The funding base for this appropriation in fiscal year 2018 and thereafter is \$2,000,000.

Subd. 3. **Tax time savings grant program.** (a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the commissioner of revenue to make grants under the tax time savings grant program under Minnesota Statutes, section 270C.22. Of this amount, up to five percent may be used for the administration of the tax time savings grant program.

(b) The base funding for the grant program authorized under paragraph (a) is \$400,000 each year.

Subd. 4. Taxpayer assistance grants. (a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the commissioner of revenue for the provision of taxpayer assistance grants under Minnesota Statutes, section 270C.21, in addition to the current base funding for the program. Of the amount appropriated under this paragraph and the current base funding for the provision of taxpayer assistance grants, up to five percent may be used for the administration of the taxpayer assistance grants program.

(b) Beginning in fiscal year 2018, the total base funding for the program under paragraph (a) is \$800,000 each year. This amount includes the base funding of \$400,000 each year established in Laws 2015, chapter 77, article 1, section 14, subdivision 2, paragraph (a).

Subd. 5. Local government grants. (a) The following amounts are appropriated in fiscal year 2016 only from the general fund to the commissioner of revenue for grants that shall be paid by June 30, 2016, and allocated as follows:

- (1) \$1,200,000 to the city of Madelia;
- (2) \$465,000 to the city of Hibbing; and
- (3) \$52,288 to Stearns County.

(b) The following amounts are appropriated in fiscal year 2017 only from the general fund to the commissioner of revenue for grants that shall be paid by June 30, 2017, and allocated as follows:

(1) \$2,000,000 to Mahnomen County. Of this amount, \$1,000,000 must be used by the county for the Mahnomen Health Center, and \$1,000,000 must be paid from the county to the White Earth Band of Ojibwe;

(2) \$1,130,000 to Hennepin County. Of this amount, \$730,000 must be used for the North Branch Library EMERGE Career and Technology Center, and \$400,000 must be used for the Cedar Riverside Opportunity Center;

- (3) \$1,000,000 to the city of Mahnomen; and
- (4) \$150,000 to the city of Lilydale.

(c) All of the appropriations under this subdivision are onetime and are not added to the base budget.

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

## ARTICLE 12

### DEPARTMENT POLICY AND TECHNICAL PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2014, section 289A.08, subdivision 11, is amended to read:

**Subd. 11. Information included in income tax return.** (a) The return must state:

- (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address of the taxpayer in the same name or names and same address as the taxpayer has used in making the taxpayer's income tax return to the United States;
- (2) the date or dates of birth of the taxpayer or taxpayers;
- (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number has been issued by the United States with respect to the taxpayers; and
- (4) the amount of the taxable income of the taxpayer as it appears on the federal return for the taxable year to which the Minnesota state return applies.

(b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy of the federal income tax return that the taxpayer has filed or is about to file for the period, ~~unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return by telefiling.~~

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

Sec. 2. Minnesota Statutes 2014, section 289A.08, subdivision 16, is amended to read:

**Subd. 16. Tax refund or return preparers; electronic filing; paper filing fee imposed.** (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision 13, paragraph (f), who is a tax return preparer for purposes of section 6011(e) of the Internal Revenue Code, and who reasonably expects to prepare more than ten Minnesota individual income, corporate franchise, S corporation, partnership, or fiduciary income tax returns for the prior calendar year must file all Minnesota individual income, corporate franchise, S corporation, partnership, or fiduciary income tax returns prepared for that calendar year by electronic means.

(b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

(c) For each return that is not filed electronically by a tax refund or return preparer under this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same manner as income tax. The fee does not apply to returns that the commissioner requires to be filed in paper form.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 3. Minnesota Statutes 2014, section 289A.09, subdivision 2, is amended to read:

**Subd. 2. Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding

year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

- (1) name of the person;
  - (2) the name of the employee or payee and the employee's or payee's Social Security account number;
  - (3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and
  - (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.
- (b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.
- (c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.
- (d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner, along with a reconciliation in the form the commissioner prescribes of the statements for the calendar year, including a reconciliation of the quarterly returns required to be filed under subdivision 1, must be filed with the commissioner on or before February 28 January 31 of the year after the payments were made.
- (e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.
- (f) The employer must submit the statements required to be sent to the commissioner in the same manner required to satisfy the federal reporting requirements of section 6011(e) of the Internal Revenue Code and the regulations issued under it. An employer must submit statements to the commissioner required by this section by electronic means if the employer is required to send more than 25 statements to the commissioner, even though the employer is not required to submit the returns federally by electronic means. For statements issued for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding required under section 290.92 are aggregated for purposes of determining whether the electronic submission threshold is met. The commissioner shall prescribe the content, format, and manner of the statement pursuant to section 270C.30.
- (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

**EFFECTIVE DATE.** This section is effective for statements required to be sent to the commissioner after December 31, 2016, except that the date change in paragraph (d) is effective for wages paid after December 31, 2015.

Sec. 4. Minnesota Statutes 2014, section 289A.12, subdivision 14, is amended to read:

**Subd. 14. Regulated investment companies; Reporting exempt interest and exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual who is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee to an individual who is a resident of Minnesota, must make a return indicating the amount of the exempt interest or exempt-interest dividends, the name, address, and Social Security number of the recipient, and any other information that the commissioner specifies. The return must be provided to the shareholder recipient by February 15 of the year following the year of the payment. The return provided to the shareholder recipient must include a clear statement, in the form prescribed by the commissioner, that the exempt interest or exempt-interest dividends must be included in the computation of Minnesota taxable income. By June 1 of each year, the regulated investment company payor must file a copy of the return with the commissioner.

(b) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest dividends that are not required to be added to federal taxable income under section 290.01, subdivision 19a, clause (1)(ii).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code.

(3) "Exempt interest" means income on obligations of any state other than Minnesota, or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota, and exempt from federal income taxes under the Internal Revenue Code or any other federal statute.

**EFFECTIVE DATE.** This section is effective for reports required to be filed after December 31, 2016.

Sec. 5. Minnesota Statutes 2014, section 289A.18, is amended by adding a subdivision to read:

**Subd. 2a. Annual withholding returns; eligible employers.** (a) An employer who deducts and withholds an amount required to be withheld by section 290.92 may file an annual return and make an annual payment of the amount required to be deducted and withheld for that calendar year if the employer has received a notification under paragraph (b). The ability to elect to file an annual return continues through the year following the year where an employer is required to deduct and withhold more than \$500.

(b) The commissioner is authorized to determine which employers are eligible to file an annual return and to notify employers who newly qualify to file an annual return because the amount an employer is required to deduct and withhold for that calendar year is \$500 or less based on the most recent period of four consecutive quarters for which the commissioner has compiled data on

that employer's withholding tax for that period. At the time of notification, eligible employers may still decide to file returns and make deposits quarterly. An employer who decides to file returns and make deposits quarterly is required to make all returns and deposits required by this chapter and, notwithstanding paragraph (a), is subject to all applicable penalties for failing to do so.

(c) If, at the end of any calendar month other than the last month of the calendar year, the aggregate amount of undeposited tax withheld by an employer who has elected to file an annual return exceeds \$500, the employer must deposit the aggregate amount with the commissioner within 30 days of the end of the calendar month.

(d) If an employer who has elected to file an annual return ceases to pay wages for which withholding is required, the employer must file a final return and deposit any undeposited tax within 30 days of the end of the calendar month following the month in which the employer ceased paying wages.

(e) An employer not subject to paragraph (c) or (d) who elects to file an annual return must file the return and pay the tax not previously deposited before February 1 of the year following the year in which the tax was withheld.

(f) A notification to an employer regarding eligibility to file an annual return under Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 6. Minnesota Statutes 2014, section 289A.20, subdivision 2, is amended to read:

**Subd. 2. Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships, small business corporations, trusts.**  
(a) Except as provided in section 289A.18, subdivision 2a, a tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations, and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending June 30, the employer must remit each required deposit for wages paid in all subsequent calendar years by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 7. Minnesota Statutes 2014, section 289A.31, subdivision 1, is amended to read:

**Subdivision 1. Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) The tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 270C.58, subdivision 3, to the extent they receive property from the decedent;

(2) The tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) The tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) The tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) The tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

(c) The tax taxes imposed under section sections 289A.35 and 290.0922 on partnerships is are the joint and several liability of the partnership and the general partners.

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

Sec. 8. Minnesota Statutes 2014, section 289A.35, is amended to read:

**289A.35 ASSESSMENTS ON RETURNS.**

(a) The commissioner may audit and adjust the taxpayer's computation of federal taxable income, items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a return has been filed, the commissioner shall enter the liability reported on the return and may make any audit or investigation that is considered necessary.

(b) Upon petition by a taxpayer, and when the commissioner determines that it is in the best interest of the state, the commissioner may allow S corporations and partnerships to receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

(c) A taxpayer may petition the commissioner for the use of the method described in paragraph (b) after the taxpayer is notified that an audit has been initiated and before an order of assessment has been issued.

(d) A determination of the commissioner under paragraph (b) to grant or deny the petition of a taxpayer cannot be appealed to the Tax Court or any other court.

(b) (e) The commissioner may audit and adjust the taxpayer's computation of tax under chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner shall notify the estate no later than nine months after the filing date, as provided by section 289A.38, subdivision 2, whether the return is under examination or the return has been processed as filed.

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

Sec. 9. Minnesota Statutes 2014, section 289A.60, subdivision 28, is amended to read:

Subd. 28. **Preparer identification number.** Any Minnesota individual income tax return or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision 13, paragraph (f), shall bear the identification number the preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code. A tax refund or return preparer who prepares a Minnesota individual income tax return required by section 289A.08, subdivisions 1, 2, 3, and 7; or 289A.12, subdivision 3, or claim for refund and fails to include the required number on the return or claim is subject to a penalty of \$50 for each failure.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 10. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause ~~(12)~~ (11), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause ~~(12)~~ (11), in the case of a

shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, and "active service" includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause ~~(13)~~(12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(13)~~(12), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the

income was included in net income in a prior year as a result of the addition under subdivision 19a, clause (13);

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code;

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; and

(21) to the extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code.

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

Sec. 11. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

**Subd. 19c. Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

~~(9) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;~~

~~(10)~~ (9) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

~~(11)~~ (10) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(12)~~ (11) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

~~(13)~~ (12) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

~~(14)~~ (13) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

~~(15)~~ (14) the amount of expenses disallowed under section 290.10, subdivision 2; and

~~(16)~~ (15) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

Sec. 12. Minnesota Statutes 2014, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(5) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(6) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

~~(7) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;~~

~~(8)~~ (7) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under subdivision 19c, clause (1), in a prior taxable year;

~~(9)~~ (8) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

~~(10)~~ (9) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(11) (10) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(12) (11) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

(13) (12) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(14) (13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (12) (11), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (12) (11). The resulting delayed depreciation cannot be less than zero;

(15) (14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (13) (12), an amount equal to one-fifth of the amount of the addition;

(16) (15) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19c, clause (16) (15); and

(17) (16) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code.

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

Sec. 13. Minnesota Statutes 2014, section 290.0672, subdivision 1, is amended to read:

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

(b) "Long-term care insurance" means a policy that:

(1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding the 7.5 percent adjusted gross income test; or meets the requirements given in section 62A.46; or provides similar coverage issued under the laws of another jurisdiction; and

(2) has a lifetime long-term care benefit limit of not less than \$100,000; and

(3) has been offered in compliance with the inflation protection requirements of section 62S.23.

(c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

(d) "Premiums deducted in determining federal taxable income" means the lesser of (1) long-term care insurance premiums that qualify as deductions under section 213 of the Internal Revenue Code; and (2) the total amount deductible for medical care under section 213 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 14. Minnesota Statutes 2014, section 290.068, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts and aggregate gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

Sec. 15. Minnesota Statutes 2014, section 290.091, subdivision 3, is amended to read:

Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum tax, the exemption amount is, for taxable years beginning after December 31, 2005, \$60,000 for married couples filing joint returns, \$30,000 for married individuals filing separate returns, estates, and trusts, and \$45,000 for unmarried individuals.

(b) The exemption amount determined under this subdivision is subject to the phase out under section 55(d)(3) of the Internal Revenue Code, except that alternative minimum taxable income as determined under this section must be substituted in the computation of the phase out.

(c) For taxable years beginning after December 31, 2006, the exemption amount under paragraph (a), ~~clause (2)~~, must be adjusted for inflation. The commissioner shall adjust the exemption amount by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the year preceding the taxable year. The exemption amount as adjusted must be rounded to the nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

Sec. 16. Minnesota Statutes 2014, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (12)(11), is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause (14)(13), is allowed as a depreciation deduction in determining alternative minimum taxable income.

(3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (8)(7).

(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

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

Sec. 17. Minnesota Statutes 2014, section 290.17, subdivision 2, is amended to read:

**Subd. 2. Income not derived from conduct of a trade or business.** The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable allocable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

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

Sec. 18. Minnesota Statutes 2014, section 290.31, subdivision 1, is amended to read:

**Subdivision 1. Partners, not partnership, subject to tax.** Except as provided under section 289A.35, paragraph (b), a partnership as such shall not be subject to the income tax imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

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

Sec. 19. Minnesota Statutes 2014, section 290A.19, is amended to read:

**290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year, in the content, format, and manner prescribed by the

commissioner pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined under section 327C.01, subdivision 3.

**EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to a renter for rent paid after December 31, 2015.

Sec. 20. Minnesota Statutes 2014, section 291.016, subdivision 2, is amended to read:

Subd. 2. Additions. The following amounts, to the extent deducted in computing or otherwise excluded from the federal taxable estate, must be added in computing the Minnesota taxable estate:

(1) the amount of the deduction for state death taxes allowed under section 2058 of the Internal Revenue Code;

(2) the amount of the deduction for foreign death taxes allowed under section 2053(d) of the Internal Revenue Code; and

(3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal Revenue Code, made by the decedent within three years of the date of death. For purposes of this clause, the amount of the addition equals the value of the gift under section 2512 of the Internal Revenue Code and excludes any value of the gift included in the federal estate.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2013.

Sec. 21. Minnesota Statutes 2014, section 291.016, subdivision 3, is amended to read:

Subd. 3. Subtraction. The following amounts, to the extent included in computing the federal taxable estate, may be subtracted in computing the Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero:

(1) the value of property subject to an election under section 291.03, subdivision 1d; and

(2) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10, or the result of \$5,000,000 minus the amount for the year of death listed in clauses (1) to (5) items (i) to (v), whichever is less; may be subtracted in computing the Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero:

(1) \$1,200,000 for estates of decedents dying in 2014;

(2) \$1,400,000 for estates of decedents dying in 2015;

(3) \$1,600,000 for estates of decedents dying in 2016;

(4) \$1,800,000 for estates of decedents dying in 2017; and

(5) \$2,000,000 for estates of decedents dying in 2018 and thereafter.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

Sec. 22. Minnesota Statutes 2014, section 291.03, subdivision 9, is amended to read:

Subd. 9. **Qualified small business property.** Property satisfying all of the following requirements is qualified small business property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of the assets of a trade or business or shares of stock or other ownership interests in a corporation or other entity engaged in a trade or business. Shares of stock in a corporation or an ownership interest in another type of entity do not qualify under this subdivision if the shares or ownership interests are traded on a public stock exchange at any time during the three-year period ending on the decedent's date of death. For purposes of this subdivision, an ownership interest includes the interest the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

(3) During the taxable year that ended before the decedent's death, the trade or business must not have been a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and the decedent or the decedent's spouse must have materially participated in the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the taxable year that ended before the decedent's death.

(4) The gross annual sales of the trade or business were \$10,000,000 or less for the last taxable year that ended before the date of the death of the decedent.

(5) The property does not consist of include:

(i) cash; ;

(ii) cash equivalents; ;

(iii) publicly traded securities; ; or

(iv) any assets not used in the operation of the trade or business.

(6) For property consisting of shares of stock or other ownership interests in an entity, the value of cash, cash equivalents, publicly traded securities, or assets not used in the operation of the trade or business held by the corporation or other entity items described in clause (5) must be deducted from the value of the property qualifying under this subdivision in proportion to the decedent's share of ownership of the entity on the date of death excluded in the valuation of the decedent's interest in the entity.

(6)(7) The decedent continuously owned the property, including property the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for the three-year period ending on the date of death of the decedent. In the case of a sole proprietor, if the property replaced similar property within the three-year period, the replacement property will be treated as having been owned for the three-year period ending on the date of death of the decedent.

(7) (8) For three years following the date of death of the decedent, the trade or business is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and a family member materially participates in the operation of the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the three years following the date of death of the decedent.

(8) (9) The estate and the qualified heir elect to treat the property as qualified small business property and agree, in the form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

Sec. 23. Minnesota Statutes 2014, section 291.03, subdivision 11, is amended to read:

Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of any interest in the qualified property, other than by a disposition to a family member, or a family member ceases to satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces qualified small business property excluded under subdivision 9 with similar property, then the qualified heir will not be treated as having disposed of an interest in the qualified property.

(b) The amount of the additional tax equals the amount of the exclusion claimed by the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

(c) The additional tax under this subdivision is due on the day which is six months after the date of the disposition or cessation in paragraph (a).

(d) This subdivision shall not apply as a result of any of the following:

(1) a portion of qualified farm property consisting of less than one-fifth of the acreage of the property is reclassified as class 2b property under section 273.13, subdivision 23, and the qualified heir has not substantially altered the reclassified property during the three-year holding period; or

(2) a portion of qualified farm property classified as 2a property at the death of the decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence, garage, and immediately surrounding one acre of land is reclassified as 4bb property during the three-year holding period, and the qualified heir has not substantially altered the property.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

Sec. 24. Minnesota Statutes 2014, section 291.031, is amended to read:

#### **291.031 CREDIT.**

(a) The estate of a nonresident decedent that is subject to tax under this chapter on the value of Minnesota situs property held in a pass-through entity is allowed a credit against the tax due under section 291.03 equal to the lesser of:

(1) the amount of estate or inheritance tax paid to another state that is attributable to the Minnesota situs property held in the pass-through entity; or

(2) the amount of tax paid under this section due under section 291.03 attributable to the Minnesota situs property held in the pass-through entity.

(b) The amount of tax attributable to the Minnesota situs property held in the pass-through entity must be determined by the increase in the estate or inheritance tax that results from including the market value of the property in the estate or treating the value as a taxable inheritance to the recipient of the property.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 25. **REPEALER.**

(a) Minnesota Rules, part 8092.1400, is repealed.

(b) Minnesota Rules, part 8092.2000, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after December 31, 2015, except that notifications from the Department of Revenue to employers regarding eligibility to file an annual return for taxes withheld in calendar year 2016 remain in force. Paragraph (b) is effective the day following final enactment.

## ARTICLE 13

### DEPARTMENT POLICY AND TECHNICAL PROVISIONS; SPECIAL TAXES AND SALES TAXES

Section 1. Minnesota Statutes 2014, section 69.021, subdivision 5, is amended to read:

**Subd. 5. Calculation of state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by town and farmers' township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the

police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

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

Sec. 2. Minnesota Statutes 2014, section 289A.38, subdivision 6, is amended to read:

Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if:

(1) the taxpayer omits from gross income an amount properly includable in it that is in excess of 25 percent of the amount of gross income stated in the return;

(2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes reported in the return; or

(3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross estate reported in the return.

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

Sec. 3. Minnesota Statutes 2014, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05;

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof; and

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;

(5) ~~town and farmers'~~ township mutual insurance companies;

(6) cooperatives organized under chapter 308A or 308B that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3; and

(7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

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

Sec. 4. Minnesota Statutes 2014, section 295.54, subdivision 2, is amended to read:

**Subd. 2. Pharmacy refund.** A pharmacy may claim an annual refund against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on the annual return as provided under section 295.55, subdivision 5 prescribed by the commissioner, on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota. The refund must be claimed within 18 months from the date the drugs were delivered outside of Minnesota shall not be allowed if the initial claim for refund is filed more than one year after the original due date of the return. Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.

**EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered outside Minnesota after December 31, 2015.

Sec. 5. Minnesota Statutes 2014, section 296A.01, is amended by adding a subdivision to read:

**Subd. 9a. Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility" means a single property, or contiguous or adjacent properties used for a common purpose and owned or operated by the same person, on or in which are located one or more stationary tanks that are used singularly or in combination for the storage or containment of more than 1,100 gallons of petroleum.

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

Sec. 6. Minnesota Statutes 2014, section 296A.01, subdivision 33, is amended to read:

**Subd. 33. Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless of its composition or properties, used to propel a motor vehicle.

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

Sec. 7. Minnesota Statutes 2014, section 296A.01, subdivision 42, is amended to read:

**Subd. 42. Petroleum products.** "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

Sec. 8. Minnesota Statutes 2014, section 296A.07, subdivision 1, is amended to read:

**Subdivision 1. Tax imposed.** There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. The tax is imposed on the first licensed distributor who received the product in Minnesota. For purposes of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18, 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the commissioner. The tax is payable at the rates specified in subdivision 3, subject to the exceptions and reductions specified in section 296A.17.

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

Sec. 9. Minnesota Statutes 2014, section 297A.61, subdivision 10, is amended to read:

Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes, but is not limited to, electricity, water, gas, steam, and prewritten computer software.

(b) Tangible personal property does not include:

- (1) ~~large ponderous machinery and equipment used in a business or production activity which at common law would be considered to be real property;~~
- (2) property which is subject to an ad valorem property tax;
- (3) property described in section 272.02, subdivision 9, clauses (a) to (d);
- (4) property described in section 272.03, subdivision 2, clauses (3) and (5); and
- (5) specified digital products, or other digital products, transferred electronically.

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

Sec. 10. Minnesota Statutes 2014, section 297A.82, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed in this chapter to the extent provided.

(b) The purchase or use of aircraft previously registered in Minnesota by a corporation or partnership is exempt if the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code.

(c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654 is exempt, if the aircraft is resold while the permit is in effect.

(d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes~~ aircraft with a gross maximum takeoff weight of less than 30,000 pounds that are used on intermittent or irregularly timed flights.

(e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and occasional use, and will be registered in another state or country upon its removal from Minnesota. This exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

(f) The sale or purchase of the following items that relate to aircraft operated under Federal Aviation Regulations, Parts 91 and 135, and associated installation charges: equipment and parts necessary for repair and maintenance of aircraft; and equipment and parts to upgrade and improve aircraft.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after December 31, 2016.

Sec. 11. Minnesota Statutes 2014, section 297A.82, subdivision 4a, is amended to read:

Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties, collected from the sale or purchase of an aircraft taxable under this chapter must be deposited in the state airports fund established in section 360.017. For purposes of this subdivision, "revenue" does not include the revenue, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under article XI, section 15, of the Minnesota Constitution.

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

Sec. 12. Minnesota Statutes 2014, section 297E.02, subdivision 7, is amended to read:

Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab, electronic pull-tab game, or tipboard upon which the tax imposed by this chapter has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal must be assessed as if it were a full deal.

(b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1) not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles, or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six percent of the gross receipts from that activity.

(c) The tax must may be assessed by the commissioner. An assessment must be considered a jeopardy assessment or jeopardy collection as provided in section 270C.36. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling that is exempt from taxation under subdivision 2.

(d) A person, organization, or business entity conducting gambling activity under this subdivision must file monthly tax returns with the commissioner, in the form required by the commissioner. The returns must be filed on or before the 20th day of the month following the month in which the gambling activity occurred. The tax imposed by this section is due and payable at the time when the returns are required to be filed.

(e) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a tax return filed with the commissioner of revenue as required by this subdivision, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270C.055, subdivision 1. However, this paragraph does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports. Any person violating this paragraph is guilty of a gross misdemeanor.

**EFFECTIVE DATE.** This section is effective for games played or purchased after June 30, 2016.

Sec. 13. Minnesota Statutes 2014, section 297H.06, subdivision 2, is amended to read:

Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal solid waste or upon the volume of nonmixed municipal solid waste for waste management services to manage the following materials:

- (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside of Minnesota;
- (2) recyclable materials that are separated for recycling by the generator, collected separately from other waste, and recycled, to the extent the price of the service for handling recyclable material is separately itemized on a bill to the generator;
- (3) recyclable nonmixed municipal solid waste that is separated for recycling by the generator, collected separately from other waste, delivered to a waste facility for the purpose of recycling, and recycled;
- (4) industrial waste, when it is transported to a facility owned and operated by the same person that generated it;
- (5) mixed municipal solid waste from a recycling facility that separates or processes recyclable materials and reduces the volume of the waste by at least 85 percent, provided that the exempted waste is managed separately from other waste;
- (6) recyclable materials that are separated from mixed municipal solid waste by the generator, collected and delivered to a waste facility that recycles at least 85 percent of its waste, and are collected with mixed municipal solid waste that is segregated in leakproof bags, provided that the mixed municipal solid waste does not exceed five percent of the total weight of the materials delivered to the facility and is ultimately delivered to a waste facility identified as a preferred waste management facility in county solid waste plans under section 115A.46;
- (7) source-separated compostable waste materials, if the waste is materials are delivered to a facility exempted as described in this clause. To initially qualify for an exemption, a facility must apply for an exemption in its application for a new or amended solid waste permit to the Pollution Control Agency. The first time a facility applies to the agency it must certify in its application that it will comply with the criteria in items (i) to (v) and the commissioner of the agency shall so certify to the commissioner of revenue who must grant the exemption. The facility must annually apply to the agency for certification to renew its exemption for the following year. The application must be filed according to the procedures of, and contain the information required by, the agency.

The commissioner of revenue shall grant the exemption if the commissioner of the Pollution Control Agency finds and certifies to the commissioner of revenue that based on an evaluation of the composition of incoming waste and residuals and the quality and use of the product:

- (i) generators separate materials at the source;
  - (ii) the separation is performed in a manner appropriate to the technology specific to the facility that:
    - (A) maximizes the quality of the product;
    - (B) minimizes the toxicity and quantity of residuals rejects; and
    - (C) provides an opportunity for significant improvement in the environmental efficiency of the operation;
  - (iii) the operator of the facility educates generators, in coordination with each county using the facility, about separating the waste to maximize the quality of the waste stream for technology specific to the facility;
  - (iv) process residuals rejects do not exceed 15 percent of the weight of the total material delivered to the facility; and
  - (v) the final product is accepted for use;
- (8) waste and waste by-products for which the tax has been paid; and
- (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution Control Agency.

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

Sec. 14. Minnesota Statutes 2014, section 297I.05, subdivision 2, is amended to read:

Subd. 2. **Town and farmers' Township mutual insurance.** A tax is imposed on ~~town and farmers'~~ township mutual insurance companies. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

Sec. 15. Minnesota Statutes 2014, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner of management and budget shall pay to each city of the first class a warrant for an amount equal to the total amount of the surcharge on the premiums collected within that city since the previous payment.

(c) The treasurer of the city shall place the money received under this subdivision in a special account or fund to defray all or a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.

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

Sec. 16. Minnesota Statutes 2014, section 297I.10, subdivision 3, is amended to read:

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section is appropriated to the commissioner of management and budget from the general fund.

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

Sec. 17. Minnesota Statutes 2014, section 298.01, subdivision 3b, is amended to read:

Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under subdivision 3, the deductions from gross income include only those expenses necessary to convert raw ores to marketable quality. Such expenses include costs associated with refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable ores are produced, unless the expenses are included in gross income. The allowable deductions from a mine or plant that mines and produces more than one mineral, metal, or energy resource must be determined separately for the purposes of computing the deduction in section 290.01, subdivision 19c, clause (8). These deductions may be combined on one occupation tax return to arrive at the deduction from gross income for all production.

(b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (8), and 19d, clauses (6) and (9) (8), are not used to determine taxable income.

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

Sec. 18. Minnesota Statutes 2014, section 298.01, subdivision 4c, is amended to read:

Subd. 4c. **Special deductions; net operating loss.** (a) For purposes of determining taxable income under subdivision 4, the provisions of section 290.01, subdivisions 19c, clauses (6) and (8), and 19d, clauses (6) and (9) (8), are not used to determine taxable income.

(b) The amount of net operating loss incurred in a taxable year beginning before January 1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is the amount of net operating loss carryover determined in the calculation of the hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.

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

## ARTICLE 14

### DEPARTMENT OF REVENUE TECHNICAL AND POLICY; PROPERTY TAX PROVISIONS

Section 1. Minnesota Statutes 2014, section 13.51, subdivision 2, is amended to read:

Subd. 2. **Income property assessment data.** The following data collected by political subdivisions and the state from individuals or business entities concerning income properties are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

- (a) detailed income and expense figures;
- (b) average vacancy factors;
- (c) verified net rentable areas or net usable areas, whichever is appropriate;

- (d) anticipated income and expenses;
- (e) projected vacancy factors; and
- (f) lease information.

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

Sec. 2. Minnesota Statutes 2014, section 270.071, subdivision 2, is amended to read:

Subd. 2. Air commerce. (a) "Air commerce" means the transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation on regularly scheduled flights or on intermittent or irregularly timed flights by airline companies and includes transportation by any airline company making three or more flights in or out of Minnesota, or within Minnesota, during a calendar year.

(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed flight, a flight arranged at the convenience of an airline and the person contracting for the transportation, or a charter flight. It includes any airline company making three or more flights in or out of Minnesota during a calendar year.

(c) "Air commerce" does not include casual transportation for hire by aircraft commonly owned and used for private air flight purposes if the person furnishing the transportation does not hold out to be engaged regularly in transportation for hire.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 3. Minnesota Statutes 2014, section 270.071, subdivision 7, is amended to read:

Subd. 7. Flight property. "Flight property" means all aircraft and flight equipment used in connection therewith, including spare flight equipment. Flight property also includes computers and computer software used in operating, controlling, or regulating aircraft and flight equipment. Flight property does not include aircraft with a maximum takeoff weight of less than 30,000 pounds.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 4. Minnesota Statutes 2014, section 270.071, subdivision 8, is amended to read:

Subd. 8. Person. "Person" means any an individual, corporation, firm, copartnership, company, or association, and includes any guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity therefor trust, estate, fiduciary, partnership, company, corporation, limited liability company, association, governmental unit or agency, public or private organization of any kind, or other legal entity.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 5. Minnesota Statutes 2014, section 270.071, is amended by adding a subdivision to read:

Subd. 10. Intermittent or irregularly timed flights. "Intermittently or irregularly timed flights" means any flight in which the departure time, departure location, and arrival location are specifically negotiated with the customer or the customer's representative, including but not limited to charter flights.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 6. Minnesota Statutes 2014, section 270.072, subdivision 2, is amended to read:

**Subd. 2. Assessment of flight property.** Flight property that is owned by, or is leased, loaned, or otherwise made available to an airline company operating in Minnesota shall be assessed and appraised annually by the commissioner with reference to its value on January 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 7. Minnesota Statutes 2014, section 270.072, subdivision 3, is amended to read:

**Subd. 3. Report by airline company.** (a) Each year, on or before July 1, every airline company engaged in air commerce in this state shall file with the commissioner a report under oath setting forth specifically the information prescribed by the commissioner to enable the commissioner to make the assessment required in sections 270.071 to 270.079, unless the commissioner determines that the airline company ~~or person should be excluded from~~ is exempt from filing because its activities do not constitute air commerce as defined herein.

(b) The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

**EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports filed in 2017 and thereafter. The amendment adding paragraph (b) is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2014, section 270.072, is amended by adding a subdivision to read:

**Subd. 3a. Commissioner filed reports.** If an airline company fails to file a report required by subdivision 3, the commissioner may, from information in the commissioner's possession or obtainable by the commissioner, make and file a report for the airline company, or may issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 9. Minnesota Statutes 2014, section 270.12, is amended by adding a subdivision to read:

**Subd. 6. Reassessment orders.** If the State Board of Equalization determines that a considerable amount of property has been undervalued or overvalued compared to like property such that the assessment is grossly unfair or inequitable, the State Board of Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders to the county assessor to reassess all or any part of a parcel in a county.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 10. Minnesota Statutes 2014, section 270C.89, subdivision 1, is amended to read:

**Subdivision 1. Initial report.** Each county assessor shall file by April 1 with the commissioner a copy of the abstract that will be acted upon by the local and county boards of review. The abstract must list the real and personal property in the county itemized by assessment districts. The assessor of each county in the state shall file with the commissioner, within ten working days following final

action of the local board of review or equalization and within five days following final action of the county board of equalization, any changes made by the local or county board. It must be accompanied by a printed or typewritten copy of the proceedings of the appropriate board.

**EFFECTIVE DATE.** This section is effective for county boards of appeal and equalization meetings held in 2017 and thereafter.

Sec. 11. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

**Subd. 9. Personal property; exceptions.** Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of (1) an electric generating, transmission, or distribution system ~~or;~~ (2) a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; or (3) mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

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

Sec. 12. Minnesota Statutes 2014, section 272.029, subdivision 2, is amended to read:

**Subd. 2. Definitions.** (a) For the purposes of this section, the term:

(1) "wind energy conversion system" has the meaning given in section 216C.06, subdivision 19, and also includes a substation that is used and owned by one or more wind energy conversion facilities;

(2) "large scale wind energy conversion system" means a wind energy conversion system of more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b);

(3) "medium scale wind energy conversion system" means a wind energy conversion system of over two and not more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b); and

(4) "small scale wind energy conversion system" means a wind energy conversion system of two megawatts and under, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b).

(b) For systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system shall be combined with the nameplate capacity of any other wind energy conversion system that is:

- (1) located within five miles of the wind energy conversion system;
- (2) constructed within the same calendar year 12-month period as the wind energy conversion system; and
- (3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

**EFFECTIVE DATE.** This section is effective for reports filed in 2017 and thereafter.

Sec. 13. Minnesota Statutes 2014, section 272.029, is amended by adding a subdivision to read:

Subd. 8. Extension. The commissioner may, for good cause, extend the time for filing the report required by subdivision 4. The extension must not exceed 15 days.

**EFFECTIVE DATE.** This section is effective for reports filed in 2017 and thereafter.

Sec. 14. Minnesota Statutes 2014, section 273.032, is amended to read:

### **273.032 MARKET VALUE DEFINITION.**

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

- (1) the market value exclusions under:
  - (i) section 273.11, subdivisions 14a and 14c (vacant platted land);
  - (ii) section 273.11, subdivision 16 (certain improvements to homestead property);
  - (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);
  - (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

(v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

(vi) (v) section 273.13, subdivision 34 (homestead of a disabled veteran or family caregiver); or

(vii) (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

(ii) the Aggregate Resource Preservation Law, section 273.1115;

(iii) the Minnesota Open Space Property Tax Law, section 273.112;

(iv) the rural preserves property tax program, section 273.114; or

(v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

(i) tax increment financing under sections 469.174 to 469.1794;

(ii) fiscal disparities under chapter 276A or 473F; or

(iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

Sec. 15. Minnesota Statutes 2014, section 273.061, subdivision 7, is amended to read:

**Subd. 7. Division of duties between local and county assessor.** The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter provided. If directed by the county assessor, the local assessor shall must perform the duties enumerated in subdivision 8, clause (16), and must enter construction and valuation data into the records in the manner prescribed by the county assessor.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 16. Minnesota Statutes 2014, section 273.08, is amended to read:

**273.08 ASSESSOR'S DUTIES.**

The assessor shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, at maximum intervals of five years and shall enter the value opposite each description. When directed by the county assessor, local assessors must enter construction and valuation data into the records in the manner prescribed by the county assessor.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 17. Minnesota Statutes 2014, section 273.121, is amended by adding a subdivision to read:

Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a county assessor, who does not comply with the timely notice requirement under subdivision 1 must:

(1) mail an additional valuation notice to each person who was not provided timely notice; and

(2) convene a supplemental local board of appeal and equalization or local review session no sooner than ten days after sending the additional notices required by clause (1).

**EFFECTIVE DATE.** This section is effective for valuation notices sent in 2017 and thereafter.

Sec. 18. Minnesota Statutes 2014, section 273.13, subdivision 22, is amended to read:

**Subd. 22. Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or

(3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property ~~has a classification rate using the rates for~~ is classified as class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center

or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

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

Sec. 19. Minnesota Statutes 2014, section 273.33, subdivision 1, is amended to read:

**Subdivision 1. Listing and assessment in county.** The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting ~~natural gas, gasoline, crude oil, or other petroleum products~~, except as otherwise provided by law, shall be listed and assessed in the county, town or district where the same is usually kept.

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

Sec. 20. Minnesota Statutes 2014, section 273.33, subdivision 2, is amended to read:

**Subd. 2. Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude oil, or other petroleum products~~ by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing ~~gas~~ products to consumers at retail nor to pipelines used by the owner thereof to supply ~~natural gas or other petroleum products~~ exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or other petroleum products~~ actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of ~~gas~~ products actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of

personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 21. Minnesota Statutes 2014, section 273.372, subdivision 1, is amended to read:

**Subdivision 1. Scope.** (a) As provided in this section, an appeal by a utility or railroad company concerning property for which the commissioner of revenue has provided the city or county assessor with valuations by order, or for which the commissioner has recommended values to the city or county assessor, must be brought against the commissioner, and not against the county or taxing district where the property is located. Service must be made on the commissioner only, and not on the county or taxing district.

(b) This section governs administrative appeals and appeals to court of a claim that utility or railroad operating property has been partially, unfairly, or unequally assessed, or assessed at a valuation greater than its real or actual value, misclassified, or that the property is exempt. This section applies only to property described in sections 270.81, subdivision 1, 273.33, 273.35, 273.36, and 273.37, and only with regard to taxable net tax capacities that have been provided to the city or county by the commissioner and which have not been changed by city or county. If the taxable net tax capacity being appealed is not the taxable net tax capacity established by the commissioner, or if the appeal claims that the tax rate applied against the parcel is incorrect, or that the tax has been paid, this section does not apply.

**EFFECTIVE DATE.** This section is effective for appeals of valuations made in assessment year 2017 and thereafter.

Sec. 22. Minnesota Statutes 2014, section 273.372, subdivision 2, is amended to read:

**Subd. 2. Contents and filing of petition.** (a) In all appeals to court that are required to be brought against the commissioner under this section, the petition initiating the appeal must be served on the commissioner and must be filed with the Tax Court in Ramsey County, as provided in paragraph (b) or (c).

(b) If the appeal to court is from an order of the commissioner, it must be brought under chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2, except that when the provisions of this section conflict with chapter 271 or 278, this section prevails. In addition, the petition must include all the parcels encompassed by that order which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a certification or notice of value by the commissioner for property described in subdivision 1, or (2) the final determination by the commissioner of either an administrative appeal conference or informal administrative appeal described in subdivision 4.

(c) If the appeal is from the tax that results from implementation of the commissioner's order, certification, or recommendation, it must be brought under chapter 278, and the provisions in that chapter apply, except that service shall be on the commissioner only and not on the local officials specified in section 278.01, subdivision 1, and if any other provision of this section conflicts with chapter 278, this section prevails. In addition, the petition must include either all the utility parcels or all the railroad parcels in the state in which the petitioner claims an interest and which the petitioner

claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 23. Minnesota Statutes 2014, section 273.372, subdivision 4, is amended to read:

**Subd. 4. Administrative appeals.** (a) Companies that submit the reports under section 270.82 or 273.371 by the date specified in that section, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner prior to bringing an action in court.

(b) Companies that must submit reports under section 270.82 must submit file a written request to for an appeal with the commissioner for a conference within ten 30 days after the notice date of the commissioner's valuation certification or other notice to the company, or by June 15, whichever is earlier. For purposes of this section, the term "notice date" means the date of the valuation certification, commissioner's order, recommendation, or other notice.

(c) Companies that submit reports under section 273.371 must submit a written request to the commissioner for a conference within ten days after the date of the commissioner's valuation certification or notice to the company, or by July 1, whichever is earlier. The appeal need not be in any particular form but must contain the following information:

- (1) name and address of the company;
- (2) the date;
- (3) its Minnesota identification number;
- (4) the assessment year or period involved;
- (5) the findings in the valuation that the company disputes;
- (6) a summary statement specifying its reasons for disputing each item; and
- (7) the signature of the company's duly authorized agent or representative.

(d) When requested in writing and within the time allowed for filing an administrative appeal, the commissioner may extend the time for filing an appeal for a period of not more than 15 days from the expiration of the time for filing the appeal.

(e) The commissioner shall conduct the conference either in person or by telephone upon the commissioner's entire files and records and such further information as may be offered. The conference must be held no later than 20 days after the date of the commissioner's valuation certification or notice to the company, or by the date specified by the commissioner in an extension request for an appeal. Within 60 30 days after the conference the commissioner shall make a final determination of the matter and shall notify the company promptly of the determination. The conference is not a contested case hearing subject to chapter 14.

(f) In addition to the opportunity for a conference under paragraph (a), the commissioner shall also provide the railroad and utility companies the opportunity to discuss any questions or concerns relating to the values established by the commissioner through certification or notice in a less formal manner. This does not change or modify the deadline for requesting a conference under paragraph (a), the deadline in section 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for appealing property taxes in court.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 24. Minnesota Statutes 2014, section 273.372, is amended by adding a subdivision to read:

Subd. 5. **Agreement determining valuation.** When it appears to be in the best interest of the state, the commissioner may settle any matter under consideration regarding an appeal filed under this section. The agreement must be in writing and signed by the commissioner and the company or the company's authorized representative. The agreement is final and conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a material fact, the case may not be reopened as to the matters agreed upon.

**EFFECTIVE DATE.** This section is effective for assessment year 2017 and thereafter.

Sec. 25. Minnesota Statutes 2014, section 273.372, is amended by adding a subdivision to read:

Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal from an order of the commissioner and also files an appeal to the tax court for that same order of the commissioner, the administrative appeal is dismissed and the commissioner is no longer required to make the determination of appeal under subdivision 4.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.

**Sec. 26. [273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

After making the apportionment provided in Minnesota Rules, part 8100.0600, the commissioner must equalize the values of the operating structures to the level accepted by the State Board of Equalization if the appropriate sales ratio for each county, as conducted by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is outside the range accepted by the State Board of Equalization. The commissioner must not equalize the value of the operating structures if the sales ratio determined pursuant to this subdivision is within the range accepted by the State Board of Equalization.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.

Sec. 27. Minnesota Statutes 2014, section 274.01, subdivision 1, is amended to read:

**Subdivision 1. Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the local board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the local board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a local board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet either at a central location within the county or at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board

of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board. The county assessor shall enter all changes made by the board.

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review. This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or

classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

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

Sec. 28. Minnesota Statutes 2014, section 274.13, subdivision 1, is amended to read:

**Subdivision 1. Members; meetings; rules for equalizing assessments.** The county commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be present, the deputy county auditor, or, if there is no deputy, the court administrator of the district court, shall form a board for the equalization of the assessment of the property of the county, including the property of all cities whose charters provide for a board of equalization. This board shall be referred to as the county board of appeal and equalization. The board shall meet annually, on the date specified in section 274.14, at the office of the auditor. Each member shall take an oath to fairly and impartially perform duties as a member. Members shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage. The board shall examine and compare the returns of the assessment of property of the towns or districts, and equalize them so that each tract or lot of real property and each article or class of personal property is entered on the assessment list at its market value, subject to the following rules:

(1) The board shall raise the valuation of each tract or lot of real property which in its opinion is returned below its market value to the sum believed to be its market value. The board must first give notice of intention to raise the valuation to the person in whose name it is assessed, if the person is a resident of the county. The notice must fix a time and place for a hearing.

(2) The board shall reduce the valuation of each tract or lot which in its opinion is returned above its market value to the sum believed to be its market value.

(3) The board shall raise the valuation of each class of personal property which in its opinion is returned below its market value to the sum believed to be its market value. It shall raise the aggregate value of the personal property of individuals, firms, or corporations, when it believes that the aggregate valuation, as returned, is less than the market value of the taxable personal property possessed by the individuals, firms, or corporations, to the sum it believes to be the market value. The board must first give notice to the persons of intention to do so. The notice must set a time and place for a hearing.

(4) The board shall reduce the valuation of each class of personal property that is returned above its market value to the sum it believes to be its market value. Upon complaint of a party aggrieved, the board shall reduce the aggregate valuation of the individual's personal property, or of any class of personal property for which the individual is assessed, which in its opinion has been assessed at too large a sum, to the sum it believes was the market value of the individual's personal property of that class.

(5) The board must not reduce the aggregate value of all the property of its county, as submitted to the county board of equalization, with the additions made by the auditor under this chapter, by more than one percent of its whole valuation. The board may raise the aggregate valuation of real

property, and of each class of personal property, of the county, or of any town or district of the county, when it believes it is below the market value of the property, or class of property, to the aggregate amount it believes to be its market value.

(6) The board shall change the classification of any property which in its opinion is not properly classified.

(7) The board does not have the authority to grant an exemption or to order property removed from the tax rolls.

(8) The board may not make an individual market value adjustment or classification change that would benefit property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20.

**EFFECTIVE DATE.** This section is effective for county board of appeal and equalization meetings in 2017 and thereafter.

Sec. 29. Minnesota Statutes 2014, section 274.135, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county boards of appeal and equalization meetings must provide proof to the commissioner by ~~December 1, 2009, and each year thereafter, February 1~~ that it is in compliance with the requirements of subdivision 2. Beginning in 2009, This notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the ~~current previous~~ year. A county that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the special board of equalization appointed pursuant to section 274.13, subdivision 2, beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c). A county that does not comply with the requirements of subdivision 2 and has not appointed a special board of equalization shall appoint a special board of equalization before the following year's assessment.

(b) The county shall notify the taxpayers when the board of appeal and equalization for a county has been transferred to the special board of equalization under this subdivision and, prior to the meeting time of the special board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process must take place in April and May.

(c) A county board whose powers are transferred to the special board of equalization under this subdivision may be reinstated by resolution of the county board and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the commissioner by ~~December February 1~~ in order to be effective for the ~~following current~~ year's assessment.

(d) If a person who was entitled to appeal to the county board of appeal and equalization or to the county special board of equalization is not able to do so in a particular year because the county board or special board did not meet the quorum and training requirements in this section and section 274.13, or because the special board was not appointed, that person may instead appeal to the commissioner of revenue, provided that the appeal is received by the commissioner prior to August 1. The appeal is not subject to either chapter 14 or section 270C.92. The commissioner must issue an appropriate order to the county assessor in response to each timely appeal, either upholding or changing the valuation or classification of the property. Prior to October 1 of each

year, the commissioner must charge and bill the county where the property is located \$500 for each tax parcel covered by an order issued under this paragraph in that year. Amounts received by the commissioner under this paragraph must be deposited in the state's general fund. If payment of a billed amount is not received by the commissioner before December 1 of the year when billed, the commissioner must deduct that unpaid amount from any state aid the commissioner would otherwise pay to the county under chapter 477A in the next year. Late payments may either be returned to the county uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid paid to the county under chapter 477A must be adjusted within 12 months to eliminate any reduction that occurred because the payment was late. Amounts needed to make these adjustments are included in the appropriation under section 477A.03, subdivision 2.

**EFFECTIVE DATE.** This section is effective for county boards of appeal and equalization meetings held in 2017 and thereafter.

Sec. 30. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 30, each county and each home rule charter or statutory city shall certify to the county auditor the proposed property tax levy for taxes payable in the following year.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

(e) For purposes of this section, "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(f) At the meeting at which a taxing authority, other than a town, adopts its proposed tax levy under this subdivision, the taxing authority shall announce the time and place of its any subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings

or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

Sec. 31. Minnesota Statutes 2014, section 275.62, subdivision 2, is amended to read:

Subd. 2. **Local governments required to report.** For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city with a population greater than 2,500, ~~a town with a population greater than 5,000, or a home rule charter or statutory city or town that receives a distribution from the taconite municipal aid account in the levy year.~~

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

Sec. 32. Minnesota Statutes 2014, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **Determination of validity.** (a) Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the Tax Court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

(b) In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

(c) For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court on or before April 30 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court. An appeal may also be taken to the Tax Court under chapter 271 at any time following receipt of the valuation notice ~~that county assessors or city assessors having the powers of a county assessor are required by section 273.121 to send to persons whose property is to be included on the assessment roll that year, but prior to May 1 of the year in which the taxes are payable.~~

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

Sec. 33. Minnesota Statutes 2014, section 282.01, subdivision 1a, is amended to read:

Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be withheld from sale or lease to others for a maximum of six months. The request must be submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel from sale or lease to any other party for six months, and must confirm the starting date of the six-month withholding period to the requesting agency or subdivision. If the request is from a governmental subdivision of the state, the governmental subdivision must pay the maintenance costs incurred by the county during the period the parcel is withheld. The county board may approve a sale or conveyance to the requesting party during the withholding period. A conveyance of the property to the requesting party terminates the withholding period.

A governmental subdivision of the state must not make, and a county auditor must not act upon, a second request to withhold a parcel from sale or lease within 18 months of a previous request for that parcel. A county may reject a request made under this paragraph if the request is made more than 30 days after the county has given notice to the requesting state agency or governmental subdivision of the state that the county intends to sell or otherwise dispose of the property.

(b) Nonconservation tax-forfeited lands may be sold by the county board, for their market value as determined by the county board, to an organized or incorporated governmental subdivision of the state for any public purpose for which the subdivision is authorized to acquire property. When the term "market value" is used in this section, it means an estimate of the full and actual market value of the parcel as determined by the county board, but in making this determination, the board and the persons employed by or under contract with the board in order to perform, conduct, or assist in the determination, are exempt from the licensure requirements of chapter 82B.

(c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of the taxing districts on application to~~ sold by the county board by, for their market value as determined by the county board, to a state agency for an authorized use at not less than their market value as determined by the county board any public purpose for which the agency is authorized to acquire property.

(d) Nonconservation tax-forfeited lands may be sold by the county board to an organized or incorporated governmental subdivision of the state or state agency for less than their market value if:

(1) the county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and

(2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.

If the sale under this paragraph is to a governmental subdivision of the state, the commissioner of revenue must convey the property on behalf of the state by quitclaim deed. If the sale under this paragraph is to a state agency, ~~the property is released from the trust in favor of the taxing districts and the commissioner of revenue must issue a conveyance document that releases the property from the trust in favor of the taxing districts~~ convey the property on behalf of the state by quitclaim deed to the agency.

(e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner which includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board. For the purposes of this paragraph, "authorized public use" means a use that allows an indefinite segment of the public to physically use and enjoy the property in numbers appropriate to its size and use, or is for a public service facility. Authorized public uses as defined in this paragraph are limited to:

- (1) a road, or right-of-way for a road;
- (2) a park that is both available to, and accessible by, the public that contains improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;
- (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along with a reasonable amount of surrounding land maintained in its natural state;
- (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other facilities related to a public transit system;
- (5) public beaches or boat launches;
- (6) public parking;
- (7) civic recreation or conference facilities; and
- (8) public service facilities such as fire halls, police stations, lift stations, water towers, sanitation facilities, water treatment facilities, and administrative offices.

No monetary compensation or consideration is required for the conveyance, except as provided in subdivision 1g, but the conveyance is subject to the conditions provided in law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

(f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to a local governmental subdivision of the state by quitclaim deed on behalf of the state upon the favorable recommendation of the county board if the governmental subdivision has certified to the board that prior to forfeiture the subdivision was entitled to the parcel under a written development agreement or instrument, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to the association of a common interest community by quitclaim deed upon the favorable recommendation of the county board if the association certifies to the board that prior to forfeiture the association was entitled to the parcel under a written agreement, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(h) Conservation tax-forfeited land may be sold to a governmental subdivision of the state for less than its market value for either: (1) creation or preservation of wetlands; (2) drainage or storage of storm water under a storm water management plan; or (3) preservation, or restoration and preservation, of the land in its natural state. The deed must contain a restrictive covenant

limiting the use of the land to one of these purposes for 30 years or until the property is reconveyed back to the state in trust. At any time, the governmental subdivision may reconvey the property to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase price determined under this paragraph shall be refunded upon a reconveyance, but the amount paid for a conveyance under this paragraph may be taken into account by the county board when setting the terms of a future sale of the same property to the same governmental subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an incorporated municipality and the commissioner of natural resources determines there is a mineral use potential, the sale is subject to the approval of the commissioner of natural resources.

(i) A park and recreation board in a city of the first class is a governmental subdivision for the purposes of this section.

(j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for a school forest under section 89.41. An application that includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board and the commissioner of natural resources must be submitted to the commissioner of revenue. No monetary compensation or consideration is required for the conveyance, but the conveyance is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the property back to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue.

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

Sec. 34. Minnesota Statutes 2014, section 282.01, subdivision 1d, is amended to read:

**Subd. 1d. Reverter for failure to use; conveyance to state.** (a) After three years from the date of any conveyance of tax-forfeited land to a governmental subdivision for an authorized public use as provided in this section, regardless of when the deed for the authorized public use was executed, if the governmental subdivision has failed to put the land to that use, or abandons that use, the governing body of the subdivision must: (1) with the approval of the county board, purchase the property for an authorized public purpose at the present market value as determined by the county board, or (2) authorize the proper officers to convey the land, or the part of the land not required for an authorized public use, to the state of Minnesota in trust for the taxing districts. If the governing body purchases the property under clause (1), the commissioner of revenue shall, upon proper application submitted by the county auditor and upon the reconveyance of the land subject to the conditional use deed to the state, convey the property on behalf of the state by quitclaim deed to the subdivision free of a use restriction and the possibility of reversion or defeasement. If the governing body decides to reconvey the property to the state under this clause, the officers shall execute a deed of conveyance immediately. The conveyance is subject to the approval of the commissioner and its form must be approved by the attorney general. For 15 years from the date of the conveyance, there is no failure to put the land to the authorized public use and no abandonment of that use if a formal plan of the governmental subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an intended future use of the land for the authorized public use.

(b) Property held by a governmental subdivision of the state under a conditional use deed executed under this section by the commissioner of revenue on or after January 1, 2007, may be acquired by that governmental subdivision after 15 years from the date of the conveyance if the

commissioner determines upon written application from the subdivision that the subdivision has in fact put the property to the authorized public use for which it was conveyed, and the subdivision has made a finding that it has no current plans to change the use of the lands. Prior to conveying the property, the commissioner shall inquire whether the county board where the land is located objects to a conveyance of the property to the subdivision without conditions and without further act by or obligation of the subdivision. If the county does not object within 60 days, and the commissioner makes a favorable determination, the commissioner shall issue a quitclaim deed on behalf of the state unconditionally conveying the property to the governmental subdivision. For purposes of this paragraph, demonstration of an intended future use for the authorized public use in a formal plan of the governmental subdivision does not constitute use for that authorized public use.

(c) Property held by a governmental subdivision of the state under a conditional use deed executed under this section by the commissioner of revenue before January 1, 2007, is released from the use restriction and possibility of reversion on January 1, 2022, if the county board records a resolution describing the land and citing this paragraph. The county board may authorize the county treasurer to deduct the amount of the recording fees from future settlements of property taxes to the subdivision.

(d) Except for tax-forfeited land conveyed to establish a school forest under section 89.41, property conveyed under a conditional use deed executed under this section by the commissioner of revenue, regardless of when the deed for the authorized public use was executed, is released from the use restriction and reverter, and any use restriction or reverter for which no declaration of reversion has been recorded with the county recorder or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

(e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a school forest under section 89.41 is subject to a perpetual conditional use deed and reverter. The property reverts to the state in trust for the taxing districts by operation of law if the commissioner of natural resources determines and reports to the commissioner of revenue under section 89.41, subdivision 3, that the governmental subdivision has failed to use the land for school forest purposes for three consecutive years. The commissioner of revenue shall record a declaration of reversion for land that has reverted under this paragraph.

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

Sec. 35. Minnesota Statutes 2014, section 477A.013, is amended by adding a subdivision to read:

Subd. 14. **Communication by electronic mail.** Prior to receiving aid pursuant to this section, a city must register an official electronic mail address with the commissioner, which the commissioner may use as an exclusive means to communicate with the city.

**EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

Sec. 36. Minnesota Statutes 2014, section 477A.19, is amended by adding a subdivision to read:

Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the number of watercraft launches and the number of watercraft trailer parking spaces in each county.

**EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

Sec. 37. Minnesota Statutes 2014, section 477A.19, is amended by adding a subdivision to read:

Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the counties that complied with the requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

**EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

Sec. 38. Minnesota Statutes 2014, section 559.202, subdivision 2, is amended to read:

Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if the purchaser is represented throughout the transaction by either:

(1) a person licensed to practice law in this state; or

(2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

**EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land occurring after the day following final enactment.

Sec. 39. Laws 2014, chapter 308, article 1, section 14, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental credit.** (a) The commissioner must pay supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

(b) If the commissioner cannot locate the qualifying taxpayer by October 15, 2016, or if a qualifying taxpayer to whom a warrant was issued does not cash that warrant within two years from the date the warrant was issued, the right to the credit shall lapse and the warrant shall be deposited in the general fund.

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

Sec. 40. Laws 2014, chapter 308, article 9, section 94, is amended to read:

**Sec. 94. REPEALER.**

(a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

(b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision

10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are repealed.

(c) Minnesota Statutes 2012, section 469.1764, is repealed.

(d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4, are repealed.

(e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

**EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014, and pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027, subdivision 2, is revived and reenacted as of that date.

Sec. 41. **REPEALER.**

(a) Minnesota Statutes 2014, section 281.22, is repealed.

(b) Minnesota Rules, part 8100.0700, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective beginning with assessment year 2016.

## ARTICLE 15

### **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; MISCELLANEOUS**

Section 1. Minnesota Statutes 2014, section 270.82, subdivision 1, is amended to read:

Subdivision 1. **Annual report required.** Every railroad company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make the valuation and equalization required by sections 270.80 to 270.87. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 2. Minnesota Statutes 2014, section 270A.03, subdivision 5, is amended to read:

Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt includes any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant where that payment is based on a client waiver or an administrative or judicial finding of an intentional program violation; or where the debt is owed to a program wherein the debtor is not a client at the time notification is provided to initiate recovery under this chapter and the debtor is not a current recipient of food support, transitional child care, or transitional medical assistance.

(b) A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor at the time when the medical care was rendered does not exceed the following amount:

- (1) for an unmarried debtor, an income of \$8,800 \$12,560 or less;
- (2) for a debtor with one dependent, an income of \$11,270 \$16,080 or less;
- (3) for a debtor with two dependents, an income of \$13,330 \$19,020 or less;
- (4) for a debtor with three dependents, an income of \$15,120 \$21,580 or less;
- (5) for a debtor with four dependents, an income of \$15,950 \$22,760 or less; and
- (6) for a debtor with five or more dependents, an income of \$16,630 \$23,730 or less.

For purposes of this paragraph, "debtor" means the individual whose income, together with the income of the individual's spouse, other than a separated spouse, brings the individual within the income provisions of this paragraph. For purposes of this paragraph, a spouse, other than a separated spouse, shall be considered a dependent.

(c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999 2014~~" shall be substituted for the word "1992." For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999 2014~~, to the 12 months ending on August 31, ~~2000 2015~~, and in each subsequent year, from the 12 months ending on August 31, ~~1999 2014~~, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

(d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

**EFFECTIVE DATE.** The section is effective retroactively for debts incurred after December 31, 2014.

Sec. 3. Minnesota Statutes 2014, section 270B.14, subdivision 1, is amended to read:

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

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

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

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

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 2014, section 270C.30, is amended to read:

**270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

Except as otherwise provided by law, the commissioner shall prescribe the content and format, and manner of all returns and other forms required to be filed under a law administered by the commissioner, and may furnish them subject to charge on application.

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

Sec. 5. Minnesota Statutes 2014, section 270C.33, subdivision 5, is amended to read:

**Subd. 5. Prohibition against collection during appeal period of an order.** No collection action can be taken on an order of assessment, or any other order imposing a liability, including the filing of liens under section 270C.63, and no late payment penalties may be imposed when a return has been filed for the tax type and period upon which the order is based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days after the order has been mailed to the taxpayer notice date designated by the commissioner on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after the notice date designated by the commissioner on the written determination of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is based upon a constitutional challenge to the tax, 60 days after final determination of the appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36, or a jeopardy collection under section 270C.36.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2016.

Sec. 6. Minnesota Statutes 2014, section 270C.33, subdivision 8, is amended to read:

**Subd. 8. Sufficiency of notice.** An assessment of tax made by the commissioner, sent postage prepaid by United States mail to the taxpayer at the taxpayer's last known address, or sent by electronic mail to the taxpayer's last known electronic mailing address as provided for in section 325L.08, is sufficient even if the taxpayer is deceased or is under a legal disability, or, in the case of a corporation, has terminated its existence, unless the commissioner has been provided with a new address by a party authorized to receive notices of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date designated by the commissioner on the assessment.

**EFFECTIVE DATE.** This section is effective for assessments dated after December 31, 2016.

Sec. 7. Minnesota Statutes 2014, section 270C.34, subdivision 2, is amended to read:

**Subd. 2. Procedure.** (a) A request for abatement of penalty under subdivision 1 or section 289A.60, subdivision 4, or a request for abatement of interest or additional tax charge, must be filed with the commissioner within 60 days of the notice date of the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed or additional tax charge. For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order or other notice that a penalty or additional tax charge has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, interest, or additional tax charge, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

(c) If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

**EFFECTIVE DATE.** This section is effective for orders and notices dated after December 31, 2016.

Sec. 8. Minnesota Statutes 2014, section 270C.347, subdivision 1, is amended to read:

Subdivision 1. **Checks and warrants, authority to reissue.** Notwithstanding any other provision of law, the commissioner may, based on a showing of reasonable cause, reissue an uncashed rebate, supplemental agricultural credit, or property tax refund warrant or check that has lapsed under any provision of law relating to rebates or under section 290A.18, subdivision 2. The authority to reissue warrants or checks under this subdivision is limited to five years after the date of issuance of the original warrant or check.

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

Sec. 9. Minnesota Statutes 2014, section 270C.35, subdivision 3, is amended to read:

Subd. 3. **Notice date.** For purposes of this section, the term "notice date" means the date of designated by the commissioner on the order adjusting the tax or order denying a request for abatement, or, in the case of a denied refund, the notice date of designated by the commissioner on the notice of denial.

**EFFECTIVE DATE.** This section is effective for orders and notices dated after December 31, 2016.

Sec. 10. Minnesota Statutes 2014, section 270C.35, is amended by adding a subdivision to read:

Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal for an order of the commissioner and also files an appeal to the Tax Court for that same order of the commissioner, the administrative appeal is dismissed and the commissioner is no longer required to make a determination of appeal under subdivision 6.

**EFFECTIVE DATE.** This section is effective for all administrative appeals filed after June 30, 2016.

Sec. 11. Minnesota Statutes 2014, section 270C.38, subdivision 1, is amended to read:

Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written determination or action of the commissioner is otherwise specifically provided for by law, notice of the determination or action sent postage prepaid by United States mail to the taxpayer or other person affected by the determination or action at the taxpayer's or person's last known address, is sufficient. If the taxpayer or person being notified is deceased or is under a legal disability, or, in the case of a corporation being notified that has terminated its existence, notice to the last known address of the taxpayer, person, or corporation is sufficient, unless the department has been provided with a new address by a party authorized to receive notices from the commissioner.

(b) If a taxpayer or other person agrees to accept notification by electronic means, notice of a determination or action of the commissioner sent by electronic mail to the taxpayer's or person's last known electronic mailing address as provided for in section 325L.08 is sufficient.

(c) Notice of a determination or action of the commissioner is sufficient if it is sent on or before the notice date designated by the commissioner on the notice.

**EFFECTIVE DATE.** This section is effective for notices dated after December 31, 2016.

Sec. 12. Minnesota Statutes 2014, section 270C.445, is amended by adding a subdivision to read:

Subd. 9. **Enforcement; limitations.** (a) Notwithstanding any other law, the imposition of a penalty or any other action against a tax return preparer authorized by subdivision 6 with respect to

a return may be taken by the commissioner within the period provided by section 289A.38 to assess tax on that return.

(b) Imposition of a penalty or other action against a tax return preparer authorized by subdivision 6 other than with respect to a return must be taken by the commissioner within five years of the violation of statute.

**EFFECTIVE DATE.** This section is effective for tax preparation services provided after the day following final enactment.

Sec. 13. Minnesota Statutes 2014, section 270C.446, subdivision 5, is amended to read:

Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer from the list of tax preparers published under this section:

- (1) when the commissioner determines that the name was included on the list in error;
- (2) within 90 days three years after the preparer has demonstrated to the commissioner that the preparer fully paid all fines or penalties imposed, served any suspension, satisfied any sentence imposed, successfully completed any probationary period imposed, and successfully completed any remedial actions required by the commissioner, the State Board of Accountancy, or the Lawyers Board of Professional Responsibility; or
- (3) when the commissioner has been notified that the tax preparer is deceased.

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

Sec. 14. Minnesota Statutes 2014, section 270C.72, subdivision 4, is amended to read:

Subd. 4. **Licensing authority; duties.** All licensing authorities must require the applicant to provide the applicant's Social Security number or individual taxpayer identification number and Minnesota business identification number, as applicable, on all license applications. Upon request of the commissioner, the licensing authority must provide the commissioner with a list of all applicants, including the name, address, business name and address, and Social Security number; or individual taxpayer identification number and business identification number, as applicable, of each applicant. The commissioner may request from a licensing authority a list of the applicants no more than once each calendar year.

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

Sec. 15. Minnesota Statutes 2014, section 271.06, subdivision 2, is amended to read:

Subd. 2. **Time; notice; intervention.** Except as otherwise provided by law, within 60 days after the notice of the making and filing date of an order of the commissioner of revenue, the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner and file the original, with proof of such service, with the Tax Court administrator or with the court administrator of district court acting as court administrator of the Tax Court; provided, that the Tax Court, for cause shown, may by written order extend the time for appealing for an additional period not exceeding 30 days. For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order. The notice of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt, the commissioner shall transmit a copy of the notice of appeal to the attorney general. The attorney general shall represent the commissioner, if requested, upon all such appeals except in cases where the attorney general has appealed in behalf of the state, or in

other cases where the attorney general deems it against the interests of the state to represent the commissioner, in which event the attorney general may intervene or be substituted as an appellant in behalf of the state at any stage of the proceedings.

Upon a final determination of any other matter over which the court is granted jurisdiction under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a petition or notice of appeal as provided by law with the court administrator of district court, acting in the capacity of court administrator of the Tax Court, with proof of service of the petition or notice of appeal as required by law and within the time required by law. As used in this subdivision, "final determination" includes a notice of assessment and equalization for the year in question received from the local assessor, an order of the local board of equalization, or an order of a county board of equalization.

The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed with the district court administrator acting as court administrator of the Tax Court is forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning property valuation for which the assessor, a local board of equalization, a county board of equalization or the commissioner of revenue has issued an order, the officer issuing the order shall be notified of the filing of the appeal. The notice of appeal or petition shall be in the form prescribed by the Tax Court.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2016.

Sec. 16. Minnesota Statutes 2014, section 271.06, subdivision 7, is amended to read:

Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules of Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court may adopt rules under chapter 14. The rules in effect on January 1, 1989, apply until superseded.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2016.

Sec. 17. Minnesota Statutes 2014, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. The commissioner shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner shall prescribe the content, format, and manner of the application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the

property tax laws, and if an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The commissioner shall develop an electronic means to notify interested parties when the commissioner has issued an order exempting property from taxation under this subdivision. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

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

Sec. 18. Minnesota Statutes 2014, section 272.0211, subdivision 1, is amended to read:

**Subdivision 1. Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the forms-content, format, manner, and procedures for this application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2) shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

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

Sec. 19. Minnesota Statutes 2014, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with the assessor of the assessment district in which the property is located.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the form and contents content, format, and manner of the statement of exemption pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

(e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 20. Minnesota Statutes 2014, section 272.029, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under subdivision 3 shall file a report with the commissioner of revenue annually on or before February 15 detailing the amount of electricity in kilowatt-hours that was produced by the wind energy conversion system for the previous calendar year. The commissioner shall prescribe the form content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a wind energy conversion system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 60 percent.

(b) If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

(c) On or before February 28, the commissioner of revenue shall notify the owner of the wind energy conversion systems of the tax due to each county for the current year and shall certify to the county auditor of each county in which the systems are located the tax due from each owner for the current year.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except that the amendment in paragraph (a) moving the date to file the report is effective for reports filed in 2017 and thereafter.

Sec. 21. Minnesota Statutes 2014, section 272.0295, subdivision 4, is amended to read:

Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax under this section shall file a report with the commissioner of revenue annually on or before January 15 detailing the amount of electricity in megawatt-hours that was produced by the system in the previous calendar year. The commissioner shall prescribe the ~~form~~-content, format, and manner of the report pursuant to section 270C.30. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a solar energy generating system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

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

Sec. 22. Minnesota Statutes 2014, section 272.115, subdivision 2, is amended to read:

Subd. 2. **Form; information required.** The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. ~~The form~~-commissioner shall prescribe the ~~content, format, and manner~~ of the certificate of value shall be prescribed by the Department of Revenue which shall provide an adequate supply of forms to each county auditor pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 23. Minnesota Statutes 2014, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) ~~The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall prescribe the content, format, and manner of the homestead application required to be filed under this chapter pursuant to section 270C.30.~~ The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative and spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative or relative's spouse occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

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

Sec. 24. Minnesota Statutes 2014, section 273.371, is amended to read:

**273.371 REPORTS OF UTILITY COMPANIES.**

**Subdivision 1. Report required.** Every electric light, power, gas, water, express, stage, and transportation company and pipeline company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as

it becomes available. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

Subd. 2. **Extension.** The commissioner for good cause may extend the time for filing the report required by subdivision 1. The extension may must not exceed 15 days.

Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report required by subdivision 1, the commissioner may, from information in the commissioner's possession or obtainable by the commissioner, make and file a report for the company or make the valuations, recommended valuations, and equalizations required under sections 273.33, 273.35 to 273.37, and 273.3711.

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

Sec. 25. Minnesota Statutes 2014, section 287.2205, is amended to read:

**287.2205 TAX-FORFEITED LAND.**

Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by the purchaser of tax-forfeited land whether the purchase is the result of a public auction or private sale or a repurchase of tax-forfeited land. State agencies and local units of government that acquire tax-forfeited land by purchase or any other means are subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision for an authorized public use under section 282.01, subdivision 1a, for a school forest under section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01, subdivision 1b.

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

Sec. 26. Minnesota Statutes 2014, section 289A.08, is amended by adding a subdivision to read:

Subd. 17. **Format.** The commissioner shall prescribe the content, format, and manner of the returns and other documents pursuant to section 270C.30. This does not authorize the commissioner to require individual income taxpayers to file individual income tax returns electronically.

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

Sec. 27. Minnesota Statutes 2014, section 289A.09, subdivision 1, is amended to read:

Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax under section 290.923, subdivision 2, must file a return with the commissioner for each quarterly period unless otherwise prescribed by the commissioner.

(b) A person or corporation required to make deposits under section 290.9201, subdivision 8, must file an entertainer withholding tax return with the commissioner.

(c) A person required to withhold an amount under section 290.9705, subdivision 1, must file a return.

(d) A partnership required to deduct and withhold tax under section 290.92, subdivision 4b, must file a return.

(e) An S corporation required to deduct and withhold tax under section 290.92, subdivision 4c, must also file a return.

(f) Returns must be filed in the form and manner, and contain the information prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the returns pursuant to section 270C.30. Every return for taxes withheld must be signed by the employer, entertainment entity, contract payor, partnership, or S corporation, or a designee.

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

Sec. 28. Minnesota Statutes 2014, section 289A.11, subdivision 1, is amended to read:

**Subdivision 1. Return required.** (a) Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form and manner the commissioner prescribes. The commissioner shall prescribe the content, format, and manner of the returns pursuant to section 270C.30. A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner. In computing the dollar amount of items on the return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

(b) Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases, for use in a trade or business, of less than \$18,500, or a person who is not required to hold a sales tax permit and who makes purchases for personal use, that are subject to the use tax imposed by section 297A.63, may file an annual use tax return on a form prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the return pursuant to section 270C.30. If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in excess of \$18,500 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of \$18,500 is made and a return must be filed for the preceding reporting period.

(c) Notwithstanding paragraph paragraphs (a) and (b), a person prohibited by the person's religious beliefs from using electronics shall be allowed to file by mail, without any additional fees. The filer must notify the commissioner of revenue of the intent to file by mail on a form prescribed by the commissioner. A return filed under this paragraph must be postmarked no later than the day the return is due in order to be considered filed on a timely basis.

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

Sec. 29. Minnesota Statutes 2014, section 289A.18, subdivision 1, is amended to read:

**Subdivision 1. Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations and partnerships must be filed on the due date for filing the federal income tax return;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations and partnerships must be filed on the due date for filing the federal income tax return;

(3) returns for a fractional part of a year must be filed on the due date for filing the federal income tax return;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.17, subdivision 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the commissioner.

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

Sec. 30. Minnesota Statutes 2014, section 289A.37, subdivision 2, is amended to read:

Subd. 2. **Erroneous refunds.** An erroneous refund is considered an underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time. (a) Except as provided in paragraph (b), an erroneous refund occurs when the commissioner issues a payment to a person that exceeds the amount the person is entitled to receive under law. An erroneous refund is considered an underpayment of tax on the date issued.

(b) To the extent that the amount paid does not exceed the amount claimed by the taxpayer, an erroneous refund does not include the following:

(1) any amount of a refund or credit paid pursuant to a claim for refund filed by a taxpayer, including but not limited to refunds of claims made under section 290.06, subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068; 290.0681; or 290.0692; or chapter 290A; or

(2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a taxpayer.

(c) The commissioner may make an assessment to recover an erroneous refund at any time within two years from the issuance of the erroneous refund. If all or part of the erroneous refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

(d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be conducted under section 289A.38.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to all refunds issued on, before, or after that date, but does not apply to the refunds at issue in Connexus Energy et al. v. Commissioner of Revenue, 868 N.W.2d 234 (Minn. 2015). Notwithstanding any law to the contrary, the changes in this section do not invalidate any assessments made by the commissioner prior to this effective date.

Sec. 31. Minnesota Statutes 2014, section 289A.50, subdivision 7, is amended to read:

Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 270C.35, or an appeal with the Tax Court, within 60 days after issuance the notice date of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the notice date of the denial of the claim by the commissioner. For the purposes of this section, "notice date" is defined in section 270C.35, subdivision 3.

(c) No action in the district court or the Tax Court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust, the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey County.

**EFFECTIVE DATE.** This section is effective for claims for refund denied after December 31, 2016.

Sec. 32. **[290B.11] FORMS.**

The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

**Sec. 33. [290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.**

On request of the commissioner, the commissioner of natural resources must annually provide verification that the claimant has a current forest management plan on file with the Department of Natural Resources.

**EFFECTIVE DATE.** This section is effective for certifications filed after July 1, 2017.

**Sec. 34. [293.15] FORMS.**

The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 35. Minnesota Statutes 2014, section 295.55, subdivision 6, is amended to read:

Subd. 6. Form of returns. The estimated payments and annual return must contain the information and be in the form prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the estimated payment forms and annual return pursuant to section 270C.30.

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

Sec. 36. Minnesota Statutes 2014, section 296A.02, is amended by adding a subdivision to read:

Subd. 5. Forms. The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 37. Minnesota Statutes 2014, section 296A.22, subdivision 9, is amended to read:

Subd. 9. Abatement of penalty. (a) The commissioner may by written order abate any penalty imposed under this section, if in the commissioner's opinion there is reasonable cause to do so.

(b) A request for abatement of penalty must be filed with the commissioner within 60 days of the notice date of the notice stating that a penalty has been imposed was mailed to the taxpayer's last known address. For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order or other notice that a penalty has been imposed.

(c) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06. If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

**EFFECTIVE DATE.** This section is effective for orders and notices dated after December 31, 2016.

Sec. 38. Minnesota Statutes 2014, section 296A.26, is amended to read:

**296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

In lieu of an administrative appeal under section 270C.35, any person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2016.

Sec. 39. Minnesota Statutes 2014, section 297D.02, is amended to read:

**297D.02 ADMINISTRATION.**

The commissioner of revenue shall administer this chapter. The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. Tax obligors are not required to give their name, address, Social Security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

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

Sec. 40. Minnesota Statutes 2014, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

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

Sec. 41. Minnesota Statutes 2014, section 297E.04, subdivision 1, is amended to read:

**Subdivision 1. Reports of sales.** A manufacturer who sells gambling product for use or resale in this state, or for receipt by a person or entity in this state, shall file with the commissioner, on a form prescribed by the commissioner, a report of gambling product sold to any person in the state, including the established governing body of an Indian tribe recognized by the United States Department of the Interior. The report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. ~~The commissioner may require that the report be submitted via magnetic media or electronic data transfer. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.~~ The commissioner may inspect the premises, books, records, and inventory of a manufacturer without notice during the normal business hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

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

Sec. 42. Minnesota Statutes 2014, section 297E.05, subdivision 4, is amended to read:

**Subd. 4. Reports.** A distributor shall report monthly to the commissioner, on a form the commissioner prescribes, its sales of each type of gambling product. This report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. ~~The commissioner may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.~~

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

Sec. 43. Minnesota Statutes 2014, section 297E.06, subdivision 1, is amended to read:

**Subdivision 1. Reports.** An organization must file with the commissioner, on a form prescribed by the commissioner, a report showing all gambling activity conducted by that organization for each month. Gambling activity includes all gross receipts, prizes, all gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful purpose and board-approved expenditures. The report must be filed with the commissioner on or before the 20th day of the month following the month in which the gambling activity takes place. ~~The commissioner may require that the reports be filed via magnetic media or electronic data transfer. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.~~

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

Sec. 44. Minnesota Statutes 2014, section 297F.09, subdivision 1, is amended to read:

**Subdivision 1. Monthly return; cigarette distributor.** On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from outside the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. A licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall prescribe the content, format, and manner of

returns pursuant to section 270C.30, and the returns must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

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

Sec. 45. Minnesota Statutes 2014, section 297F.23, is amended to read:

**297F.23 JUDICIAL REVIEW.**

In lieu of an administrative appeal under section 270C.35, a person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2016.

Sec. 46. Minnesota Statutes 2014, section 297G.09, subdivision 1, is amended to read:

Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or importers.** On or before the 18th day of each calendar month following the month in which a licensed manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer or importer first sells or imports fermented malt beverages, or a wholesaler knowingly acquires title to or possession of untaxed fermented malt beverages, the licensed manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return with the commissioner, and in addition must keep records and render reports as required by the commissioner. Returns must be made in a form and manner prescribed by the commissioner, and The commissioner shall prescribe the content, format, and manner of returns pursuant to section 270C.30. The returns must contain any other information required by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax liability. Returns must be filed regardless of whether a tax is due.

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

Sec. 47. Minnesota Statutes 2014, section 297G.22, is amended to read:

**297G.22 JUDICIAL REVIEW.**

In lieu of an administrative appeal under this chapter, a person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the date of the notice date of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2016.

Sec. 48. Minnesota Statutes 2014, section 297I.30, is amended by adding a subdivision to read:

Subd. 11. **Format.** The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 49. Minnesota Statutes 2014, section 297I.60, subdivision 2, is amended to read:

**Subd. 2. Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole or in part, the taxpayer may contest the denial by:

- (1) filing an administrative appeal with the commissioner under section 270C.35;
- (2) filing an appeal in Tax Court within 60 days of the notice date of the notice of denial; or
- (3) filing an action in the district court to recover the refund.

(b) An action in the district court must be brought within 18 months following of the notice date of the notice of denial. For purposes of this section, "notice date" is defined in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be brought in the district court of the district in which lies the taxpayer's principal place of business or in the District Court for Ramsey County. If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

**EFFECTIVE DATE.** This section is effective for claims for refund denied after December 31, 2016.

Sec. 50. Minnesota Statutes 2014, section 469.319, subdivision 5, is amended to read:

**Subd. 5. Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

(c) Requests for waiver must be made no later than 60 days after the earlier of the notice date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement issued under

subdivision 4, paragraph (c). For purposes of this section, the term "notice date" means the notice date designated by the commissioner on the order.

**EFFECTIVE DATE.** This section is effective for orders of the commissioner of revenue dated after December 31, 2016.

**Sec. 51. REPEALER.**

Minnesota Statutes 2014, section 290C.06, is repealed.

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

Delete the title and insert:

"A bill for an act relating to financing of state and local government; making changes to property, individual income, corporate franchise, estate, sales and use, excise, petroleum and other fuel, gambling, tobacco, special, mineral, local, and other taxes and tax-related provisions; modifying local government aids and credits; amending county levy authority; exempting certain electric generation facility property and soccer stadium property from property tax; extending homestead value exclusion for spouses of qualifying deceased veterans; amending the state general levy; abating local property taxes in the Lake Mille Lacs area; establishing school building bond agricultural credit; establishing reimbursement for certain out-of-home placements of Indian children; establishing riparian protection aid; forgiving certain aid penalties; providing for federal tax conformity; modifying income tax credits; providing income tax credits; changing income tax modifications; modifying residency rules; modifying sales and use tax definitions; modifying sales and use tax collection requirements; modifying sales and use tax exemptions; providing for reimbursement from the Minnesota Sports Facilities Authority of certain sales and use taxes; allocating certain sales and use tax revenues; modifying and allowing certain local sales and use taxes; modifying provisions for gasoline used as a substitute for aviation gasoline; providing tax rates on paper pull-tabs sold at bingo halls; providing definitions and a tax rate for vapor products; modifying taconite tax distributions and deposits; providing for local development projects; modifying public finance provisions; transferring approval authority from the Iron Range Resources and Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation; requiring the commissioner of Iron Range resources and rehabilitation to seek a recommendation from the board in certain circumstances; providing for transfer of ownership, eligibility, certification, and notification requirements for enrollment of land in the Sustainable Forest Incentive Act; modifying the budget reserve; providing a new markets grant program; providing a tax time savings grant program; providing civil and criminal penalties for sales suppression devices; allocating additional amounts to the border city enterprise zones; making clarifying and conforming changes; removing obsolete language; requiring reports; appropriating money; amending Minnesota Statutes 2014, sections 13.51, subdivision 2; 15.38, subdivision 7; 69.021, subdivision 5; 116J.424; 136A.129, subdivision 3; 138.053; 216B.161, subdivision 1; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision; 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivision 5; 270B.14, subdivision 1; 270C.30; 270C.33, subdivisions 5, 8; 270C.34, subdivision 2; 270C.347, subdivision 1; 270C.35, subdivision 3, by adding a subdivision; 270C.38, subdivision 1; 270C.445, by adding a subdivision; 270C.446, subdivision 5; 270C.72, subdivision 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 7; 271.08, subdivision 1; 271.21, subdivision 2; 272.02, subdivisions 9, 10, by adding subdivisions; 272.0211, subdivision 1; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295, subdivision 4; 272.115, subdivision 2; 272.162; 273.032; 273.061, subdivision 7; 273.08;

273.121, by adding a subdivision; 273.124, subdivision 13; 273.13, subdivisions 22, 34; 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 1, 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.62, subdivision 2; 276.04, subdivision 2; 276.11, subdivision 1; 276.111; 276A.01, subdivisions 8, 17; 278.01, subdivision 1; 278.12; 278.14, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.03, subdivision 2; 279.37, subdivision 2; 282.01, subdivisions 1a, 1d, 4; 282.261, subdivision 2; 282.38, subdivision 1; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.50, subdivision 7; 289A.60, subdivision 28, by adding a subdivision; 290.01, subdivisions 7, 19a, 19b, 19c, 19d; 290.06, subdivision 22; 290.067, subdivisions 1, 2b; 290.0671, subdivision 7; 290.0672, subdivision 1; 290.0674, subdivision 2, by adding a subdivision; 290.0677, subdivision 1a; 290.068, subdivision 2; 290.091, subdivisions 2, 3; 290.0921, subdivision 3; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.03, subdivision 13; 290A.19; 290C.01; 290C.02, subdivisions 1, 3, 6; 290C.03; 290C.04; 290C.05; 290C.055; 290C.07; 290C.08, subdivision 1; 290C.10; 290C.11; 290C.13, subdivision 6; 291.016, subdivisions 2, 3; 291.03, subdivisions 9, 11, by adding a subdivision; 291.031; 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 12, 33, 42, by adding subdivisions; 296A.02, by adding a subdivision; 296A.07, subdivisions 1, 4; 296A.08, subdivision 2; 296A.09, subdivisions 1, 3, 5, 6; 296A.15, subdivisions 1, 4; 296A.17, subdivisions 1, 2, 3; 296A.18, subdivisions 1, 8; 296A.19, subdivision 1; 296A.22, subdivision 9; 296A.26; 297A.61, subdivisions 3, 10; 297A.66, subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivision 7a, by adding subdivisions; 297A.68, subdivision 9; 297A.70, subdivision 14; 297A.71, by adding subdivisions; 297A.75, subdivisions 1, 2, 3; 297A.815, subdivision 3; 297A.82, subdivisions 4, 4a; 297D.02; 297E.02, subdivisions 1, 3, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision 19, by adding subdivisions; 297F.05, subdivisions 1, 3, by adding subdivisions; 297F.09, subdivision 1; 297F.23; 297G.09, subdivision 1; 297G.22; 297H.04, subdivision 2; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.30, by adding a subdivision; 297I.60, subdivision 2; 298.001, subdivision 8; 298.01, subdivisions 3b, 4c; 298.22, subdivisions 1, 1a, 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivisions 4, 5, 6; 298.223, subdivisions 1, 2; 298.227; 298.24, by adding a subdivision; 298.28, subdivisions 3, 5, 7a, 9d; 298.292, subdivision 2; 298.294; 298.296, subdivisions 1, 2, 4; 298.2961, subdivisions 2, 4; 298.298; 298.46, subdivision 2; 349.12, by adding a subdivision; 366.095, subdivision 1; 383B.117, subdivision 2; 410.32; 412.301; 469.034, subdivision 2; 469.101, subdivision 1; 469.169, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.319, subdivision 5; 473.39, by adding a subdivision; 473H.09; 475.58, subdivision 3b; 475.60, subdivision 2; 477A.013, by adding a subdivision; 477A.017, subdivisions 2, 3; 477A.03, subdivision 2b; 477A.19, by adding subdivisions; 559.202, subdivision 2; 609.5316, subdivision 3; Minnesota Statutes 2015 Supplement, sections 16A.152, subdivision 2; 289A.02, subdivision 7; 290.01, subdivisions 19, 31; 290.0671, subdivision 1; 290A.03, subdivision 15; 291.005, subdivision 1; 297E.02, subdivision 6; 477A.015; 477A.03, subdivision 2a; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1988, chapter 645, section 3, as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5, 6; Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended; article 3, section 51; Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended; Laws 2001, First Special Session chapter 5, article 3, section 86; Laws 2008, chapter 154, article 9, section

21, subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4, 5; article 5, section 17, as amended; Laws 2014, chapter 308, article 1, section 14, subdivision 2; article 6, section 9; article 9, section 94; proposing coding for new law in Minnesota Statutes, chapters 103C; 116J; 216B; 270C; 273; 290; 290B; 290C; 293; 477A; 609; repealing Minnesota Statutes 2014, sections 272.02, subdivision 23; 281.22; 290.067, subdivisions 2, 2a; 290C.02, subdivisions 5, 9; 290C.06; 297F.05, subdivision 1a; 477A.20; Minnesota Rules, parts 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3."

We request the adoption of this report and repassage of the bill.

House Conferees: Greg Davids, Steve Drazkowski, Bob Barrett, Chris Swedzinski, Gene Pelowski Jr.

Senate Conferees: Rod Skoe, Ann H. Rest, Lyle Koenen, Kari Dziedzic, Paul E. Gazelka

Senator Skoe moved that the foregoing recommendations and Conference Committee Report on H.F. No. 848 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 848 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 55 and nays 12, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Jensen	Newman	Sheran
Bakk	Eken	Johnson	Pappas	Sieben
Bonoff	Fischbach	Kent	Pederson	Skoe
Carlson	Franzen	Koenen	Reinert	Sparks
Champion	Gazelka	Latz	Rest	Stumpf
Clausen	Goodwin	Limmer	Rosen	Tomassoni
Cohen	Hawj	Loureys	Ruud	Torres Ray
Dahle	Hayden	Marty	Saxhaug	Weber
Dahms	Hoffman	Metzen	Scalze	Westrom
Dibble	Housley	Miller	Schmit	Wiger
Dziedzic	Ingebrigtsen	Nelson	Senjem	Wiklund

Those who voted in the negative were:

Anderson	Chamberlain	Kiffmeyer	Osmek
Benson	Hall	Nienow	Pratt
Brown	Hann	Ortman	Thompson

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## RECESS

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

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

**CALL OF THE SENATE**

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2749, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2749 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 22, 2016

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 2749**

A bill for an act relating to state government; conforming buyback level for the budget reserve with the most recent forecast; eliminating obsolete language; providing policy and finance for the Office of Higher Education, the Minnesota State Colleges and Universities, and the University of Minnesota, including programs for student loans, students with disabilities, fetal tissue research, psychiatric drug trials, and collegiate recovery; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, charter schools, special education, early childhood education, self-sufficiency, lifelong learning, and state agencies; appropriating money; requiring reports; amending Minnesota Statutes 2014, sections 120A.22, subdivision 12; 120A.42; 120B.02, by adding a subdivision; 120B.021, subdivisions 1, 3; 120B.11, subdivisions 1a, 2, 3, 4, 5; 120B.15; 120B.31, by adding subdivisions; 120B.35; 120B.36, as amended; 121A.53; 121A.61, subdivision 1; 121A.64; 122A.07, subdivision 2; 122A.09, subdivision 10, by adding a subdivision; 122A.14, subdivision 9; 122A.16; 122A.18, subdivisions 7c, 8; 122A.21, subdivision 1, by adding a subdivision; 122A.245, subdivision 8; 122A.31, subdivision 3; 122A.40, subdivision 10; 122A.41, by adding a subdivision; 122A.4144; 122A.416; 122A.42; 122A.72, subdivision 5; 123A.24, subdivision 2; 123B.147, subdivision 3; 123B.49, subdivision 4; 123B.571, subdivision 2; 123B.60, subdivision 1; 123B.71, subdivision 8; 123B.79, subdivisions 5, 8, 9; 124D.111, by adding a subdivision; 124D.13, subdivisions 1, 5, 9; 124D.135, subdivisions 5, 7; 124D.15, subdivisions 1, 3a, 15; 124D.16, subdivisions 3, 5; 124D.165, as amended; 124D.52, subdivisions 1, 2; 124D.55; 124D.59, by adding a subdivision; 124D.861, as amended; 124D.896; 125A.091, subdivision 11; 125A.0942, subdivision 4; 126C.10, subdivisions 2e, 24; 126C.15, subdivision 3; 126C.17, subdivision 9a; 126C.40, subdivision 5; 126C.63, subdivision 7; 127A.095; 127A.353, subdivision 4; 127A.41, subdivision 2; 127A.45, subdivision 6a; 127A.51; 129C.10, subdivision 1; 136A.01,

by adding a subdivision; 136A.101, subdivision 10; 245.92; 245.94; 245.945; 245.95, subdivision 1; 245.97, subdivision 5; Minnesota Statutes 2015 Supplement, sections 16A.152, subdivision 2; 120B.021, subdivision 4; 120B.125; 120B.30, subdivisions 1, 1a; 120B.301; 120B.31, subdivision 4; 122A.09, subdivision 4; 122A.21, subdivision 2; 122A.30; 122A.40, subdivision 8; 122A.41, subdivision 5; 122A.414, subdivisions 1, 2, 2b; 122A.415, subdivision 3; 122A.60, subdivision 4; 123B.53, subdivision 1; 123B.595, subdivisions 4, 7, 8, 9, 10, 11, by adding a subdivision; 124D.16, subdivision 2; 124D.231, subdivision 2; 124D.73, subdivision 4; 124E.05, subdivisions 4, 5, 7; 124E.10, subdivisions 1, 5; 124E.16, subdivision 2; 125A.08; 125A.083; 125A.0942, subdivision 3; 125A.11, subdivision 1; 125A.21, subdivision 3; 125A.63, subdivision 4; 125A.76, subdivision 2c; 125A.79, subdivision 1; 126C.10, subdivisions 1, 13a; 126C.15, subdivisions 1, 2; 126C.48, subdivision 8; 127A.05, subdivision 6; 127A.47, subdivision 7; 136A.121, subdivision 7a; 136A.125, subdivisions 2, 4; 136A.1791, subdivisions 4, 5, 6; 136A.87; 136F.302, subdivision 1; Laws 2010, chapter 396, section 7; Laws 2011, First Special Session chapter 11, article 4, section 8; Laws 2012, chapter 263, section 1, as amended; Laws 2013, chapter 116, article 7, section 19, as amended; Laws 2015, chapter 69, article 1, sections 3, subdivisions 19, 28; 5, subdivision 2; article 3, sections 20, subdivision 15; 24, subdivision 1; Laws 2015, First Special Session chapter 3, article 1, section 27, subdivisions 2, 4, 5, 6, 7, 9; article 2, section 70, subdivisions 2, 3, 4, 5, 6, 7, 11, 12; article 3, section 15, subdivision 3; article 4, sections 4; 9, subdivision 2; article 5, section 30, subdivisions 2, 3, 5; article 6, section 13, subdivisions 2, 3, 6, 7; article 7, section 7, subdivisions 2, 3, 4; article 9, section 8, subdivisions 5, 6, 7, 9; article 10, section 3, subdivision 2; article 11, section 3, subdivisions 2, 3; article 12, section 4; proposing coding for new law in Minnesota Statutes, chapters 119A; 120B; 121A; 122A; 124D; 125B; 127A; 129C; 136A; 136F; 137; 181; repealing Minnesota Statutes 2014, sections 120B.299, subdivision 5; 122A.40, subdivision 11; 122A.41, subdivision 14; 122A.413, subdivision 3; 122A.74; 123B.60, subdivision 2; 123B.79, subdivisions 2, 6; Minnesota Statutes 2015 Supplement, section 122A.413, subdivisions 1, 2; Minnesota Rules, part 3535.0110, subparts 6, 7, 8.

May 22, 2016

The Honorable Kurt L. Daudt  
Speaker of the House of Representatives

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 2749 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2749 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### HIGHER EDUCATION

#### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, chapter 69, article 1, unless otherwise specified, to the agencies and for the purposes

specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

**Sec. 2. MINNESOTA OFFICE OF HIGHER EDUCATION**

<u>Subdivision 1. Total Appropriations</u>	<u>\$</u>	<u>-0- \$</u>	<u>3,210,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>			
<u>Subd. 2. Equity in Postsecondary Education Grants</u>		<u>-0-</u>	<u>500,000</u>
<u>For equity in postsecondary attainment grants under section 31. This appropriation is available until June 30, 2020. Of this appropriation, \$25,000 may be used for administration expenses to administer the grant program. This is a onetime appropriation.</u>			
<u>Subd. 3. State Grant</u>		<u>-0-</u>	<u>2,000,000</u>
<u>For the state grant program under Minnesota Statutes, section 136A.121. This is a onetime appropriation.</u>			
<u>Subd. 4. Addiction Medicine Graduate Fellowship Program</u>		<u>-0-</u>	<u>210,000</u>
<u>For establishing a grant program used to support up to four physicians who are enrolled each year in an addiction medicine fellowship program. A grant recipient must be enrolled in a program that trains fellows in diagnostic interviewing, motivational interviewing, addiction counseling, recognition and care of common acute withdrawal syndromes and complications, pharmacotherapies of</u>			

addictive disorders, epidemiology and pathophysiology of addiction, addictive disorders in special populations, secondary interventions, use of screening and diagnostic instruments, inpatient care, and working within a multidisciplinary team, and prepares doctors to practice addiction medicine in rural and underserved areas of the state. The base for this program is \$210,000 in fiscal year 2018 and \$0 in fiscal year 2019.

**Subd. 5. Student and Employer Connection Information System**

-0- 500,000

For a grant to the Saint Paul Foundation for the creation of a web-based job and intern-seeking software tool that blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. No more than three percent of this appropriation may be used for administrative expenses of the foundation. The foundation must report by January 15, 2017, on activities under this subdivision to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance. The base for this appropriation is \$405,000 in fiscal year 2018.

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

<b>Subdivision 1. <u>Total Appropriations</u></b>	<u>\$</u>	<u>790,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Operating Support and Protecting Affordability**

-0- 570,000

**Subd. 3. MnSCU Open Textbooks**

-0- 100,000

(a) For programs on system campuses that promote adoption of open textbooks.

Programs must focus on the review, creation, and promotion of new or existing open textbooks and on saving money for students while meeting the academic needs of faculty. This is a onetime appropriation.

(b) By January 15, 2017, the board shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding the progress of the pilot programs. The report shall include a summary of each pilot program and the total savings expected for students as a result of the programs.

**Subd. 4. MnSCU Open Textbook Library**

-0- 100,000

To expand and promote the open textbook library to faculty across the state. This is a onetime appropriation.

**Subd. 5. Cook County Higher Education Board**

-0- 20,000

For transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated for transfer to the board.

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

**Subdivision 1. Total Appropriation**

\$ -0- \$ 900,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Health Training Restoration**

800,000

This appropriation must be used to support all of the following:

(1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine;

(2) the Mobile Dental Clinic; and

(3) expansion of geriatric education and family programs.

**Subd. 3. Rochester Campus, Collegiate Recovery Program**

-0-

100,000

(a) To design and implement a collegiate recovery program at its Rochester campus. This is a onetime appropriation and is available until June 30, 2019.

(b) The purpose of the collegiate recovery program is to provide structured support for students in recovery from alcohol, chemical, or other addictive behaviors. Program activities may include, but are not limited to, specialized professional support through academic, career, and financial advising; establishment of on-campus or residential peer support communities; and opportunities for personal growth through leadership development and other community engagement activities.

(c) No later than January 15, 2020, the Board of Regents must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy on campus recovery program outcomes. Based on available data, the report must describe, in summary form, the number of students participating in the program and the success rate of participants, including retention and graduation rates, and long-term recovery and relapse rates.

**Sec. 5. OFFICE OF OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES**

\$

-0- \$

100,000

For the duties of the office related to clinical drug trials at the Department of Psychiatry at the University of Minnesota.

**Sec. 6. MNSCU TWO-YEAR COLLEGE PROGRAM; ADMINISTRATIVE COSTS.**

The appropriation made by Laws 2015, chapter 69, article 1, section 3, subdivision 18, paragraph (c), for fiscal year 2017 for information technology and administrative costs is available on the effective date of this section and until June 30, 2017.

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

**Sec. 7. [136A.0412] ACCEPTANCE OF PRIVATE FUNDS; APPROPRIATION.**

The commissioner may accept donations, grants, bequests, and other gifts of money to carry out the purposes of section 136A.01. Donations, nonfederal grants, bequests, or other gifts of money accepted by the commissioner must be deposited in an account in the special revenue fund and is appropriated to the commissioner for the purpose for which it was given.

Sec. 8. Minnesota Statutes 2014, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is 96 94 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is 86 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is 50 percent of the student contribution.

Sec. 9. Minnesota Statutes 2014, section 136A.101, subdivision 10, is amended to read:

Subd. 10. **Satisfactory academic progress.** "Satisfactory academic progress" means satisfactory academic progress as defined under Code of Federal Regulations, title 34, sections 668.16(e), 668.32(f), and 668.34, except that a student with an intellectual disability as defined in Code of Federal Regulations, title 34, section 668.231, enrolled in an approved comprehensive transition and postsecondary program under that section is subject to the institution's published satisfactory academic process standards for that program as approved by the Office of Higher Education.

Sec. 10. Minnesota Statutes 2015 Supplement, section 136A.121, subdivision 7a, is amended to read:

Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance or the tuition and fee maximums in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there are more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium.

Sec. 11. Minnesota Statutes 2015 Supplement, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

- (1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) either has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent in a graduate or professional degree program;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate, graduate, or professional degree, diploma, or certificate;

(6) is enrolled in at least half time six credits in an undergraduate program or one credit in a graduate or professional program in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

Sec. 12. Minnesota Statutes 2015 Supplement, section 136A.125, subdivision 4, is amended to read:

**Subd. 4. Amount and length of grants.** (a) The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse;
- (2) the number in the applicant's family, as defined by the office; and
- (3) the number of eligible children in the applicant's family.

(b) The maximum award to the applicant shall be \$2,800 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

(c) Applicants with family incomes at or below a percentage of the federal poverty level, as determined by the commissioner, will qualify for the maximum award. The commissioner shall attempt to set the percentage at a level estimated to fully expend the available appropriation for child care grants. Applicants with family incomes exceeding that threshold will receive the maximum award minus ten percent of their income exceeding that threshold. If the result is less than zero, the grant is zero.

(d) The academic year award amount must be disbursed by academic term using the following formula:

- (1) the academic year amount described in paragraph (b);
- (2) divided by the number of terms in the academic year;
- (3) divided by 15 for undergraduate students and six for graduate and professional students; and
- (4) multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits for undergraduate students and six for graduate and professional students.

(e) Payments shall be made each academic term to the student or to the child care provider, as determined by the institution. Institutions may make payments more than once within the academic term.

Sec. 13. Minnesota Statutes 2015 Supplement, section 136A.1791, subdivision 4, is amended to read:

Subd. 4. **Application for loan forgiveness.** Each applicant for loan forgiveness, according to rules adopted by the commissioner, shall:

- (1) apply for teacher shortage loan forgiveness and promptly submit any additional information required by the commissioner; and
- (2) ~~annually reapply for up to five consecutive school years and submit information the commissioner requires to determine the applicant's continued eligibility for loan forgiveness; and~~
- (3) (2) submit to the commissioner a completed affidavit, prescribed by the commissioner, affirming the teacher is teaching in: (i) a licensure field and in identified by the commissioner as experiencing a teacher shortage; or (ii) an economic development region identified by the commissioner as experiencing a teacher shortage.

Sec. 14. Minnesota Statutes 2015 Supplement, section 136A.1791, subdivision 5, is amended to read:

Subd. 5. **Amount of loan forgiveness.** (a) To the extent funding is available, the annual amount of teacher shortage loan forgiveness for an approved applicant shall not exceed \$1,000 or the cumulative balance of the applicant's qualified educational loans, including principal and interest, whichever amount is less.

(b) Recipients must secure their own qualified educational loans. Teachers who graduate from an approved teacher preparation program or teachers who add a licensure field, consistent with the teacher shortage requirements of this section, are eligible to apply for the loan forgiveness program.

(c) No teacher shall receive more than five annual awards.

Sec. 15. Minnesota Statutes 2015 Supplement, section 136A.1791, subdivision 6, is amended to read:

Subd. 6. **Disbursement.** (a) The commissioner must make annual disbursements directly to the participant of the amount for which a participant is eligible, for each year that a participant is eligible.

(b) Within 60 days of receipt of a the disbursement date, the participant must provide the commissioner with verification that the full amount of loan repayment disbursement has been

applied toward the designated loans. A participant that previously received funds under this section but has not provided the commissioner with such verification is not eligible to receive additional funds.

**Sec. 16. [136A.1792] PROMOTION OF FEDERAL PUBLIC SERVICE LOAN FORGIVENESS PROGRAMS.**

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

(b) "Employer" means an organization, agency, or entity that is a public service organization under Code of Federal Regulations, title 34, part 685, section 219, provided that the following are not employers:

(1) a federal or tribal government organization, agency, or entity; and

(2) a tribal college or university.

(c) "Employment certification form" means the form used by the United States Department of Education to certify an individual's employment at a public service organization for the purposes of the federal public service loan forgiveness program.

(d) "Federal loan forgiveness program" means a loan forgiveness program offered under Code of Federal Regulations, title 34, part 685.

(e) "Public service loan forgiveness program" means the loan forgiveness program under Code of Federal Regulations, title 34, part 685, section 219.

(f) "Public service organization" means a public service organization under Code of Federal Regulations, title 34, part 685, section 219.

Subd. 2. Promotion of federal public service loan forgiveness programs. (a) The commissioner must develop and distribute informational materials designed to increase awareness of federal public service loan forgiveness programs among Minnesota residents who are eligible for those programs. At a minimum, the commissioner must develop and distribute informational materials that public service organizations may use to promote awareness of the federal public service loan forgiveness program, including:

(1) a one-page letter addressed to individuals who may be eligible for the public service loan forgiveness program that briefly summarizes the program, provides information on what an eligible individual must do in order to participate, and recommends that they contact their student loan servicer or servicers for additional information;

(2) a detailed fact sheet describing the public service loan forgiveness program; and

(3) a document containing answers to frequently asked questions about the public service loan forgiveness program.

(b) In place of developing and publishing an informational document required under paragraph (a), the commissioner may distribute a document published by a federal agency that meets the requirements of paragraph (a).

Subd. 3. Publication of informational materials. The commissioner must make the informational materials required under subdivision 2 available on the office's Web site and

must verify each biennium that the informational materials contain current information. The commissioner must update and correct any informational materials that the commissioner finds inaccurate or outdated.

Subd. 4. Employer information. (a) An employer must provide an employee with information about the employee's potential eligibility for the federal public service loan forgiveness program. An employer must annually provide to each employee in written or electronic form the one-page letter, fact sheet, and frequently asked questions required under subdivision 2. In addition, an employer must provide a newly hired employee with that information within two weeks of the employee's first day of employment.

(b) At an employee's request, an employer must provide the employee with a copy of the employment certification form.

**EFFECTIVE DATE.** Subdivision 4 is effective January 1, 2017.

**Sec. 17. [136A.1793] PROMOTION OF TEACHER LOAN FORGIVENESS PROGRAMS.**

The commissioner shall provide information to public and private teacher education programs concerning public and private student loan programs that provide for full or partial repayment forgiveness. Teacher education programs must provide the information furnished by the commissioner to their teacher education students.

Sec. 18. Minnesota Statutes 2015 Supplement, section 136A.246, is amended by adding a subdivision to read:

Subd. 10. Dual training account. A dual training account is created in the special revenue fund in the state treasury. The commissioner shall deposit into the account appropriations made for the purposes of this section. Money in the account is appropriated to the commissioner for the purposes for which it was appropriated.

Sec. 19. Minnesota Statutes 2015 Supplement, section 136A.246, is amended by adding a subdivision to read:

Subd. 11. Administration expenses. The commissioner may expend up to five percent of the appropriation made for the purposes of this section for administration of this section.

Sec. 20. Minnesota Statutes 2015 Supplement, section 136A.87, is amended to read:

**136A.87 PLANNING INFORMATION FOR POSTSECONDARY EDUCATION.**

(a) The office shall make available to all residents beginning in 7th grade through adulthood information about planning and preparing for postsecondary opportunities. Information must be provided to all 7th grade students and their parents annually by September 30 about planning for their postsecondary education. The office may also provide information to high school students and their parents, to adults, and to out-of-school youth.

(b) The office shall gather and share information with students and parents about the dual credit acceptance policies of each Minnesota public and private college and university. The office shall gather and share information related to the acceptance policies for concurrent enrollment courses, postsecondary enrollment options courses, advanced placement courses, and international

baccalaureate courses. This information must be shared on the office's Web site and included in the information under paragraph (a).

(c) The information provided under paragraph (a) may include the following:

- (1) the need to start planning early;
- (2) the availability of assistance in educational planning from educational institutions and other organizations;
- (3) suggestions for studying effectively during high school;
- (4) high school courses necessary to be adequately prepared for postsecondary education;
- (5) encouragement to involve parents actively in planning for all phases of education;
- (6) information about postsecondary education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;
- (7) ways to evaluate and select postsecondary institutions;
- (8) the process of transferring credits among Minnesota postsecondary institutions and systems;
- (9) the costs of postsecondary education and the availability of financial assistance in meeting these costs, including specific information about the Minnesota Promise;
- (10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and
- (11) financial planning for postsecondary education.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 21. Minnesota Statutes 2015 Supplement, section 136F.302, subdivision 1, is amended to read:

Subdivision 1. **ACT or SAT college ready score.** (a) A state college or university may must not require an individual to take a remedial, noncredit course in a subject area if the individual has received a college ready ACT or SAT score in that subject area.

(b) When deciding if an individual is admitted to or if an individual may enroll in a state college or university, the state college or university must consider the individual's scores on the high school Minnesota Comprehensive Assessments, in addition to other factors determined relevant by the college or university.

Sec. 22. Minnesota Statutes 2014, section 245.92, is amended to read:

#### **245.92 OFFICE OF OMBUDSMAN; CREATION; QUALIFICATIONS; FUNCTION.**

The ombudsman for persons receiving services or treatment for mental illness, developmental disabilities, chemical dependency, or emotional disturbance shall promote the highest attainable standards of treatment, competence, efficiency, and justice. The ombudsman may gather information and data about decisions, acts, and other matters of an agency, facility, or program, and shall monitor the treatment of individuals participating in a University of Minnesota Department of Psychiatry

clinical drug trial. The ombudsman is appointed by the governor, serves in the unclassified service, and may be removed only for just cause. The ombudsman must be selected without regard to political affiliation and must be a person who has knowledge and experience concerning the treatment, needs, and rights of clients, and who is highly competent and qualified. No person may serve as ombudsman while holding another public office.

Sec. 23. Minnesota Statutes 2014, section 245.94, is amended to read:

**245.94 POWERS OF OMBUDSMAN; REVIEWS AND EVALUATIONS; RECOMMENDATIONS.**

Subdivision 1. **Powers.** (a) The ombudsman may prescribe the methods by which complaints to the office are to be made, reviewed, and acted upon. The ombudsman may not levy a complaint fee.

(b) The ombudsman may mediate or advocate on behalf of a client.

(c) The ombudsman may investigate the quality of services provided to clients and determine the extent to which quality assurance mechanisms within state and county government work to promote the health, safety, and welfare of clients, other than clients in acute care facilities who are receiving services not paid for by public funds. The ombudsman is a health oversight agency as defined in Code of Federal Regulations, title 45, section 164.501.

(d) At the request of a client, or upon receiving a complaint or other information affording reasonable grounds to believe that the rights of a client who is not capable of requesting assistance have been adversely affected, the ombudsman may gather information and data about and analyze, on behalf of the client, the actions of an agency, facility, or program.

(e) The ombudsman may gather, on behalf of a client, records of an agency, facility, or program, or records related to clinical drug trials from the University of Minnesota Department of Psychiatry, if the records relate to a matter that is within the scope of the ombudsman's authority. If the records are private and the client is capable of providing consent, the ombudsman shall first obtain the client's consent. The ombudsman is not required to obtain consent for access to private data on clients with developmental disabilities. The ombudsman is not required to obtain consent for access to private data on decedents who were receiving services for mental illness, developmental disabilities, or emotional disturbance. All data collected, created, received, or maintained by the ombudsman are governed by chapter 13 and other applicable law.

(f) Notwithstanding any law to the contrary, the ombudsman may subpoena a person to appear, give testimony, or produce documents or other evidence that the ombudsman considers relevant to a matter under inquiry. The ombudsman may petition the appropriate court in Ramsey County to enforce the subpoena. A witness who is at a hearing or is part of an investigation possesses the same privileges that a witness possesses in the courts or under the law of this state. Data obtained from a person under this paragraph are private data as defined in section 13.02, subdivision 12.

(g) The ombudsman may, at reasonable times in the course of conducting a review, enter and view premises within the control of an agency, facility, or program.

(h) The ombudsman may attend Department of Human Services Review Board and Special Review Board proceedings; proceedings regarding the transfer of patients or residents, as defined in section 246.50, subdivisions 4 and 4a, between institutions operated by the Department of Human Services; and, subject to the consent of the affected client, other proceedings affecting the rights

of clients. The ombudsman is not required to obtain consent to attend meetings or proceedings and have access to private data on clients with developmental disabilities.

(i) The ombudsman shall gather data of agencies, facilities, or programs classified as private or confidential as defined in section 13.02, subdivisions 3 and 12, regarding services provided to clients with developmental disabilities.

(j) To avoid duplication and preserve evidence, the ombudsman shall inform relevant licensing or regulatory officials before undertaking a review of an action of the facility or program.

(k) The ombudsman shall monitor the treatment of individuals participating in a University of Minnesota Department of Psychiatry clinical drug trial and ensure that all protections for human subjects required by federal law and the Institutional Review Board are provided.

(l) Sections 245.91 to 245.97 are in addition to other provisions of law under which any other remedy or right is provided.

Subd. 2. **Matters appropriate for review.** (a) In selecting matters for review by the office, the ombudsman shall give particular attention to unusual deaths or injuries of a client or reports of emergency use of manual restraint as identified in section 245D.061, served by an agency, facility, or program, or actions of an agency, facility, or program that:

(1) may be contrary to law or rule;

(2) may be unreasonable, unfair, oppressive, or inconsistent with a policy or order of an agency, facility, or program;

(3) may be mistaken in law or arbitrary in the ascertainment of facts;

(4) may be unclear or inadequately explained, when reasons should have been revealed;

(5) may result in abuse or neglect of a person receiving treatment;

(6) may disregard the rights of a client or other individual served by an agency or facility;

(7) may impede or promote independence, community integration, and productivity for clients; or

(8) may impede or improve the monitoring or evaluation of services provided to clients.

(b) The ombudsman shall, in selecting matters for review and in the course of the review, avoid duplicating other investigations or regulatory efforts.

(c) The ombudsman shall give particular attention to the death or unusual injury of any individual who is participating in a University of Minnesota Department of Psychiatry clinical drug trial.

Subd. 2a. **Mandatory reporting.** Within 24 hours after a client suffers death or serious injury, the agency, facility, or program director, or lead investigator of a clinical drug trial at the University of Minnesota Department of Psychiatry shall notify the ombudsman of the death or serious injury. The emergency use of manual restraint must be reported to the ombudsman as required under section 245D.061, subdivision 8. The ombudsman is authorized to receive identifying information about a deceased client according to Code of Federal Regulations, title 42, section 2.15, paragraph (b).

Subd. 3. **Complaints.** (a) The ombudsman may receive a complaint from any source concerning an action of an agency, facility, or program. After completing a review, the ombudsman shall inform

the complainant and the agency, facility, or program. No client may be punished nor may the general condition of the client's treatment be unfavorably altered as a result of an investigation, a complaint by the client, or by another person on the client's behalf. An agency, facility, or program shall not retaliate or take adverse action against a client or other person, who in good faith makes a complaint or assists in an investigation. The ombudsman may classify as confidential, the identity of a complainant, upon request of the complainant.

(b) The ombudsman shall receive a complaint from any source concerning an action or inaction of the University of Minnesota Department of Psychiatry related to an individual who is enrolled in a department-approved clinical drug trial. No individual participating in the trial may be punished, nor may the general condition of the individual's treatment be unfavorably altered, as a result of an investigation or a complaint by the individual or the individual's advocate. The university shall not retaliate or take adverse action against any person who in good faith makes a complaint or assists in an investigation. The ombudsman may classify the identity of the complainant as confidential, upon request of the complainant.

**Subd. 4. Recommendations to agency.** (a) If, after reviewing a complaint or conducting an investigation and considering the response of an agency, facility, or program and any other pertinent material, the ombudsman determines that the complaint has merit or the investigation reveals a problem, the ombudsman may recommend that the agency, facility, or program:

- (1) consider the matter further;
- (2) modify or cancel its actions;
- (3) alter a rule, order, or internal policy;
- (4) explain more fully the action in question; or
- (5) take other action.

(b) At the ombudsman's request, the agency, facility, or program shall, within a reasonable time, inform the ombudsman about the action taken on the recommendation or the reasons for not complying with it.

Subd. 5. Recommendations to University of Minnesota. If, after reviewing a complaint or conducting an investigation and considering the response of the clinical drug trial's primary investigator or the Department of Psychiatry, the ombudsman determines that the complaint has merit or the investigation reveals noncompliance with the federal protection of human subjects requirements or the requirements of the Institutional Review Board, the ombudsman shall recommend that the Board of Regents of the University of Minnesota take corrective action to remedy the violations.

Sec. 24. Minnesota Statutes 2014, section 245.95, subdivision 1, is amended to read:

**Subdivision 1. Specific reports.** The ombudsman may send conclusions and suggestions concerning any matter reviewed to the governor. Before making public a conclusion or recommendation that expressly or implicitly criticizes an agency, facility, program, or any person, the ombudsman shall consult with the governor and the agency, facility, program, or person concerning the conclusion or recommendation. When sending a conclusion or recommendation to the governor that is adverse to an agency, facility, program, or any person, the ombudsman shall include any statement of reasonable length made by that agency, facility, program, or

person in defense or mitigation of the office's conclusion or recommendation. For purposes of this subdivision, "agency, facility, program, or any person" includes the University of Minnesota Department of Psychiatry and its employees working in clinical drug trials.

Sec. 25. Minnesota Statutes 2014, section 245.97, subdivision 5, is amended to read:

**Subd. 5. Medical Review Subcommittee.** At least five members of the committee, including at least three physicians, one of whom is a psychiatrist, must be designated by the governor to serve as a Medical Review Subcommittee. Terms of service, vacancies, and compensation are governed by subdivision 2. The governor shall designate one of the members to serve as chair of the subcommittee. The Medical Review Subcommittee may have access to private and confidential data collected or created by the ombudsman that are necessary to fulfill the duties of the Medical Review Subcommittee under this section and may:

- (1) make a preliminary determination of whether the death of a client that has been brought to its attention is unusual or reasonably appears to have resulted from causes other than natural causes and warrants investigation;
- (2) review the causes of and circumstances surrounding the death;
- (3) request the county coroner or medical examiner to conduct an autopsy;
- (4) assist an agency in its investigations of unusual deaths and deaths from causes other than natural causes; and
- (5) make a preliminary determination of whether the death of a participant in a clinical drug trial conducted by the University of Minnesota Department of Psychiatry appears to have resulted from causes other than natural causes and warrants investigation and reporting as required by federal laws on the protection of human subjects; and
- (6) submit a report regarding the death of a client to the committee, the ombudsman, the client's next-of-kin, and the facility where the death occurred and, where appropriate, make recommendations to prevent recurrence of similar deaths to the head of each affected agency or facility, or the Board of Regents of the University of Minnesota.

Sec. 26. Laws 2015, chapter 69, article 3, section 20, subdivision 15, is amended to read:

**Subd. 15. Reporting.** (a) A college must report to the commissioner the following information:

- (1) the number of grantees and their race, gender, and ethnicity;
- (2) grantee persistence and completion;
- (3) employment outcomes; and
- (4) other information requested by the commissioner.

(b) The commissioner shall report annually by January 15, 2017, and January 15, 2018, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance by college and in aggregate on the information submitted to the commissioner under paragraph (a). The commissioner may include in the report recommendations for changes in the grant program.

Sec. 27. Laws 2015, chapter 69, article 3, section 24, subdivision 1, is amended to read:

**Subdivision 1. Pilot program created.** The commissioner of the Office of Higher Education shall make a grant to a nonprofit qualified debt counseling organization to provide individual student loan debt repayment counseling to borrowers who are Minnesota residents concerning loans obtained to attend a Minnesota postsecondary institution. ~~The counseling shall be provided to borrowers who are 30 to 60 days delinquent when they are referred to or otherwise identified by the organization as candidates for counseling.~~ The number of individuals receiving counseling may be limited to those capable of being served with available appropriations for that purpose. A goal of the counseling program is to provide two counseling sessions to at least 75 percent of borrowers receiving counseling.

The purpose of the counseling is to assist borrowers to:

- (1) understand their loan and repayment options;
- (2) manage loan repayment; and
- (3) develop a workable budget based on the borrower's full financial situation regarding income, expenses, and other debt.

**EFFECTIVE DATE.** This section is effective the day following final enactment and is retroactive to July 1, 2015.

**Sec. 28. STATE GRANT TUITION CAPS.**

For the purposes of the state grant program under Minnesota Statutes, section 136A.121, for the fiscal year ending June 30, 2017, the tuition maximum is \$5,736 for students in two-year programs and the tuition maximum is \$14,186 for students in four-year programs.

**Sec. 29. MNSCU PROGRAM FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES; PLAN REQUIRED.**

**Subdivision 1. Development of plan required.** The Board of Trustees of the Minnesota State Colleges and Universities must develop a plan for offering an academic program for students with intellectual and developmental disabilities, consistent with the principles established in subdivisions 2 to 4.

**Subd. 2. Program locations.** The plan developed must assume the program will be offered at up to four college or university campuses chosen based on (1) their ability to offer a robust program using existing facilities and resources and (2) a goal to provide the program in diverse geographic regions of the state.

**Subd. 3. Enrollment and admission.** The plan developed must assume an enrollment goal for each campus's program of at least ten incoming students per academic year. The plan may allow for students to be admitted based on an application process that includes an in-person interview; an independent assessment of an applicant's interest, motivation, and likelihood of success in the program; and any other eligibility requirements established by the board. Upon successful completion, a student must be awarded a certificate, diploma, or other appropriate academic credential.

**Subd. 4. Curriculum and activities.** (a) The plan developed must assume a program that provides an inclusive, two-year full-time residential college experience for students with intellectual and developmental disabilities. The required curriculum must include core courses

that develop life skills, financial literacy, and the ability to live independently; rigorous academic work in a student's chosen field of study; and an internship, apprenticeship, or other skills-based experience to prepare for meaningful employment upon completion of the program.

(b) In addition to academic requirements, the plan developed must allow participating students the opportunity to engage fully in campus life. Program activities must include but are not limited to (1) the establishment of on-campus mentoring and peer support communities and (2) opportunities for personal growth through leadership development and other community engagement activities.

(c) A participating campus may tailor its program curriculum and activities to highlight academic programs, student and community life experiences, and employment opportunities unique to that campus or the region of the state where the campus is located.

Subd. 5. **Report to legislature.** The board must submit a report on the plan required to be developed by this section to the chairs and ranking minority members of the committees of the legislature with jurisdiction over higher education finance and policy and human services finance and policy no later than January 15, 2017. The report must describe program plans, including strategies for recruitment of applicants, and strategies to address anticipated program needs that cannot be filled using existing campus or system resources.

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

**Sec. 30. UNIVERSITY OF MINNESOTA AND MNSCU BUDGET ALLOCATION REPORTS.**

(a) The Board of Regents of the University of Minnesota shall report by February 1, 2017, to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education finance on the factors it considers when allocating funds to system campuses. The report must specifically, without limitation, address the following questions:

(1) what circumstances would lead the university to adopt an alternate budget model to the Resource Responsibility Center (RRC) model for a system campus;

(2) what were the rationale and factors considered for the initial base budget allocation to system campuses when the RRC was first established; and

(3) what factors would lead the university to consider adjusting the initial base allocation model.

(b) The Board of Trustees of the Minnesota State Colleges and Universities shall report by February 1, 2017, to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education finance on the factors it considers when allocating state funds to colleges and universities. The report must specifically, without limitations, address the following areas:

(1) the design and methodology for the allocation of state funds to the colleges and universities; and

(2) the factors considered in the allocation process.

**Sec. 31. EQUITY IN EDUCATION AND JOB CONNECTION GRANT PROGRAM.**

Subdivision 1. **Grants.** (a) The commissioner of the Office of Higher Education shall award grants to improve postsecondary attendance, completion, and retention and the obtaining of

well-paying jobs for which the postsecondary education provides training by providing services to historically underrepresented college students. Grants must be awarded to Minnesota state colleges and universities and private organization programs that help the state reach the attainment goals under Minnesota Statutes, section 135A.012. Programs must provide services targeted to make the improvements including, but not limited to:

- (1) academic and nonacademic counseling or advising;
- (2) mentoring in education and career opportunities;
- (3) structured tutoring;
- (4) career awareness and exploration including internships and post graduation job placements;
- (5) orientation to college life;
- (6) financial aid counseling;
- (7) academic instruction programs in core curricular areas of mathematics and language arts;
- (8) supplemental instruction programs for college courses with high failure and withdrawal rates; and
- (9) co-requisite college course models for delivery of academic support.

(b) The office shall structure the grants for sustainability of programs funded by a grant.  
(c) To the extent there are sufficient qualified applicants, approximately 50 percent of grant dollars must be awarded to private organization programs.  
(d) A grant must not be made to a private organization that is a postsecondary institution.

Subd. 2. Application process. (a) The commissioner shall develop a grant application process. The commissioner shall attempt to support projects in a manner that ensures that eligible students throughout the state have access to program services.

- (b) The grant application must include, at a minimum, the following information:
- (1) a description of the characteristics of the students to be served reflective of the need for services listed in subdivision 1;
  - (2) a description of the services to be provided and a timeline for implementation of the service activities;
  - (3) a description of how the services provided will foster postsecondary retention and completion;
  - (4) a description of how the services will be evaluated to determine whether the program goals were met;
  - (5) the history of the applicant in achieving successful improvements using the services for which a grant is sought;
  - (6) the assumed cost per student of achieving successful outcomes;
  - (7) the effect of the grant on assisting students to obtain well-paying jobs;

- (8) the proposed grant match;
- (9) the organizational commitment to program sustainability; and
- (10) other information as identified by the commissioner.

Grant recipients must specify both program and student outcome goals, and performance measures for each goal.

Subd. 3. **Advisory committee.** The commissioner may establish and convene an advisory committee to assist the commissioner in reviewing applications and advise the commissioner on grantees and grant amounts. The members of the committee may include representatives of postsecondary institutions, organizations providing postsecondary academic and career services, and others deemed appropriate by the commissioner.

Subd. 4. **Outcome report.** Each grant recipient must annually submit a report to the Office of Higher Education identifying its program and student goals and activities implemented. A report must include, but not be limited to, information on:

- (1) number of students served;
- (2) course taking and grade point average of participating students;
- (3) persistence and retention rates of participating students;
- (4) postsecondary graduation rates of participating students;
- (5) the number of students who required postsecondary academic remediation and number of remedial courses for each of those students and in the aggregate; and
- (6) jobs and wage rates of students after postsecondary graduation.

To the extent possible, the report must breakdown outcomes by Pell grant qualification, race, and ethnicity.

Subd. 5. **Legislative report.** By January 15 of each year through 2021, the office shall submit a report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over higher education finance regarding the grant recipients and their activities. The report shall include information about the students served, the organizations providing services, program activities, program goals and outcomes, and program revenue sources and funding levels.

## ARTICLE 2

### AGRICULTURE

#### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The

second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>	<u>2016</u>	<u>2017</u>
<b>Sec. 2. <u>DEPARTMENT OF AGRICULTURE</u></b>	<b>\$</b>	<b>-0- \$</b>
<u>\$250,000 the second year is for the tractor rollover protection pilot program under Minnesota Statutes, section 17.119. This is a onetime appropriation.</u>		<b><u>4,433,000</u></b>
<u>\$250,000 the second year is to administer the industrial hemp pilot program under Minnesota Statutes, section 18K.09. This is a onetime appropriation.</u>		
<u>\$1,000,000 the second year is for grants to the Board of Regents of the University of Minnesota to fund the Forever Green Agriculture Initiative and to protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter annual crops into existing agricultural practices. This is a onetime appropriation and is available until June 30, 2019. The appropriation in Laws 2015, First Special Session chapter 2, article 2, section 3, paragraph (i), is available until June 30, 2018.</u>		
<u>\$600,000 the second year is for a grant to the Board of Regents of the University of Minnesota to develop, in consultation with the commissioner of agriculture and the Board of Animal Health, a software tool or application through the Veterinary Diagnostic Laboratory that empowers veterinarians and producers to understand the movement of unique pathogen strains in livestock and poultry production systems, monitor antibiotic resistance, and implement effective biosecurity measures that promote animal</u>		

health and limit production losses. The base for fiscal year 2020 is \$0.

In addition to the amounts appropriated in Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4:

(1) \$450,000 the second year is appropriated for transfer to the Board of Regents of the University of Minnesota for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder; and

(2) \$350,000 the second year is appropriated for transfer to the Board of Regents of the University of Minnesota for potato breeding.

\$283,000 the second year is for a grant to the Board of Regents of the University of Minnesota to maintain and increase animal disease testing capacity through the purchase of Veterinary Diagnostic Laboratory equipment. This is a onetime appropriation.

\$250,000 the second year is appropriated for transfer to the good food access account created under Minnesota Statutes, section 17.1017, subdivision 3. This is a onetime appropriation and is available until June 30, 2019.

\$1,000,000 the second year is appropriated for transfer to the agricultural emergency account in the agricultural fund. This is a onetime transfer.

### **Sec. 3. [17.041] AGRICULTURAL EMERGENCY ACCOUNT; APPROPRIATION.**

**Subdivision 1. Establishment; appropriation.** An agricultural emergency account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for emergency response and preparedness activities for agricultural emergencies affecting producers of livestock, poultry, crops, or other agricultural products. Eligible uses include, but are not limited to, purchasing necessary equipment and reimbursing costs incurred by local units of government that are not eligible for reimbursement from other sources.

**Subd. 2. Transfer authorized.** The commissioner may transfer money in the account to the Board of Animal Health, other state agencies, or the University of Minnesota for purposes of subdivision 1.

Subd. 3. **Annual report.** No later than February 1 each year, the commissioner must report activities and expenditures under this section to the legislative committees and divisions with jurisdiction over agriculture finance.

Sec. 4. **[17.1017] GOOD FOOD ACCESS PROGRAM.**

Subdivision 1. **Definitions.** (a) For purposes of this section, unless the language or context indicates that a different meaning is intended, the following terms have the meanings given them.

(b) "Account" means the good food access account established in subdivision 3.

(c) "Commissioner" means the commissioner of agriculture.

(d) "Economic or community development financial institution (ECDFI)" means a lender, including but not limited to a community development financial institution (CDFI), an economic development district (EDD), a political subdivision of the state, a microenterprise firm, or a nonprofit community lending organization that has previous experience lending to a food retailer, producer, or another healthy food enterprise in an underserved community in a low-income or moderate-income area, as defined in this section; has been in existence and operating prior to January 1, 2014; has demonstrated the ability to raise matching capital and in-kind services to leverage appropriated money; has the demonstrated ability to underwrite loans and grants; and has partnered previously with nonprofit healthy food access, public health, or related governmental departments or community organizations.

(e) "Farmers' market" means an association of three or more persons who assemble at a defined location that is open to the public for the purpose of selling directly to the consumer the products of a farm or garden occupied and cultivated by the person selling the product.

(f) "Financing" means loans, including low-interest loans, zero-interest loans, forgivable loans, and other types of financial assistance other than grants.

(g) "Food hub" means a centrally located facility with a business management structure that facilitates the aggregation, storage, processing, distribution, marketing, and sale of locally or regionally produced food products, and which may include a small-scale retail grocery operation.

(h) "Good Food Access Program Advisory Committee" means the Good Food Access Program Advisory Committee under section 17.1018.

(i) "Grocery store" means a for-profit, not-for-profit, or cooperative self-service retail establishment that sells primarily meat, fish, seafood, fruits, vegetables, dry groceries, and dairy products and may also sell household products, sundries, and other products. Grocery store includes a supermarket or a large-, mid-, or small-scale retail grocery establishment and may include a mobile food market or a delivery service operation.

(j) "Low-income area" means a census tract as reported in the most recently completed decennial census published by the United States Bureau of the Census that has a poverty rate of at least 20 percent or in which the median family income does not exceed 80 percent of the greater of the statewide or metropolitan median family income.

(k) "Moderate-income area" means a census tract as reported in the most recently completed decennial census published by the United States Bureau of the Census in which the median family income is between 81 percent and 95 percent of the median family income for that area.

(l) "Mobile food market" means a self-contained for-profit, not-for-profit, or cooperative retail grocery operation located in a movable new or renovated truck, bus, or other vehicle that is used to store, prepare, display, and sell primarily meat, fish, seafood, fruits, vegetables, dry groceries, and dairy products and may also be used to sell a nominal supply of cooking utensils and equipment and other household products and sundries.

(m) "Program" means the good food access program established in this section.

(n) "Small food retailer" means a small-scale retail food outlet, other than a grocery store as defined in this section. Small food retailer includes, but is not limited to, a corner store, convenience store, farmers' market, mobile food market, and a retail food outlet operated by an emergency food program or food hub.

(o) "Technical assistance" means needs-based project assistance provided through the program, including sustainability-focused individualized guidance, presentations, workshops, trainings, printed materials, mentorship opportunities, peer-to-peer opportunities, or other guidance and resources on relevant topics such as business planning, sales projections, cash flow, succession planning, financing, fund-raising, marketing, food preparation demonstrations, and workforce training.

(p) "Underserved community" means a census tract that is federally designated as a food desert by the United States Department of Agriculture, or a census tract in a low-income or moderate-income area that includes a substantial subpopulation such as the elderly or the disabled that has low supermarket access, regardless of distance, due to lack of transportation.

Subd. 2. **Program established.** (a) A good food access program is established within the Department of Agriculture to increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities in low-income and moderate-income areas by providing financial support and sustainable public-private projects to open, renovate, or expand the operations of grocery stores and small food retailers; expanding access to credit and reducing barriers to investment in underserved communities in low- and moderate-income areas; and to provide technical assistance, primarily for small food retailers with demonstrated need, to increase availability and sustainable sales of affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, to underserved communities in low-income and moderate-income areas. The commissioner, in cooperation with public and private partners, shall establish and implement the program as provided in this section.

(b) The good food access program shall be comprised of state or private grants, loans, or other types of financial and technical assistance for the establishment, construction, expansion of operations, or renovation of grocery stores and small food retailers to increase the availability of and access to affordable fresh produce and other nutritious, culturally appropriate food to underserved communities in low-income and moderate-income areas.

Subd. 3. **Good food access account.** A good food access account is established in the agricultural fund. The account consists of money appropriated by the legislature to the commissioner, as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account, including interest, is appropriated to the commissioner for the purposes of this section, and shall be used, to the extent practicable, to leverage other forms of public and private financing or financial assistance for the projects.

**Subd. 4. Program administration.** (a) The commissioner shall be the administrator of the account for auditing purposes and shall establish program requirements and a competitive process for projects applying for financial and technical assistance.

(b) The commissioner may receive money or other assets from any source, including but not limited to philanthropic foundations and financial investors, for deposit into the account.

(c) Through issuance of requests for proposals, the commissioner may contract with one or more qualified economic or community development financial institutions to manage the financing component of the program and with one or more qualified organizations or public agencies with financial or other program-related expertise to manage the provision of technical assistance to project grantees.

(d) Money in the account at the close of each fiscal year shall remain in the account and shall not cancel. In each biennium, the commissioner shall determine the appropriate proportion of money to be allocated to loans, grants, technical assistance, and any other types of financial assistance.

(e) To encourage public-private, cross-sector collaboration and investment in the account and program and to ensure that the program intent is maintained throughout implementation, the commissioner shall convene and maintain the Good Food Access Program Advisory Committee.

(f) The commissioner, in cooperation with the Good Food Access Program Advisory Committee, shall manage the program, establish program criteria, facilitate leveraging of additional public and private investment, and promote the program statewide.

(g) The commissioner, in cooperation with the Good Food Access Program Advisory Committee, shall establish annual monitoring and accountability mechanisms for all projects receiving financing or other financial or technical assistance through this program.

**Subd. 5. Eligible projects.** (a) The commissioner, in cooperation with the program partners and advisors, shall establish project eligibility guidelines and application processes to be used to review and select project applicants for financing or other financial or technical assistance. All projects must be located in an underserved community or must serve primarily underserved communities in low-income and moderate-income areas.

(b) Projects eligible for financing include, but are not limited to, new construction, renovations, expansions of operations, and infrastructure upgrades of grocery stores and small food retailers to improve the availability of and access to affordable, nutritious food, including fresh fruits and vegetables, and build capacity in areas of greatest need.

(c) Projects eligible for other types of financial assistance such as grants or technical assistance are primarily projects throughout the state, including, but not limited to, feasibility studies, new construction, renovations, expansion of operations, and infrastructure upgrades of small food retailers.

**Subd. 6. Qualifications for receipt of financing and other financial or technical assistance.** (a) An applicant for receipt of financing through an economic or community development financial institution, or an applicant for a grant or other financial or technical assistance, may be a for-profit or not-for-profit entity, including, but not limited to, a sole proprietorship, limited liability company, corporation, cooperative, nonprofit organization, or nonprofit community development organization. Each applicant must:

(1) demonstrate community engagement in and support for the project;

(2) demonstrate the capacity to successfully implement the project;

(3) demonstrate a viable plan for long-term sustainability, including the ability to increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities in low-income and moderate-income areas; and

(4) demonstrate the ability to repay the debt, to the extent that the financing requires repayment.

(b) Each applicant must also agree to comply with the following conditions for a period of at least five years, except as otherwise specified in this section:

- (1) accept Supplemental Nutrition Assistance Program (SNAP) benefits;
- (2) apply to accept Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits and, if approved, accept WIC benefits;
- (3) allocate at least 30 percent of retail space for the sale of affordable, nutritious, and culturally appropriate foods, including fruits and vegetables, low-fat and nonfat dairy, fortified dairy substitute beverages such as soy-based or nut-based dairy substitute beverages, whole grain-rich staple foods, meats, poultry, fish, seafood, and other proteins, consistent with nutrition standards in national guidelines described in the current United States Department of Agriculture Dietary Guidelines for Americans;
- (4) comply with all data collection and reporting requirements established by the commissioner; and
- (5) promote the hiring, training, and retention of local or regional residents from low-income and moderate-income areas that reflect area demographics, including communities of color.

(c) A selected project that is a small food retailer is not subject to the allocation agreement under paragraph (b), clause (3), and may use financing, grants, or other financial or technical assistance for refrigeration, displays, or onetime capital expenditures for the promotion and sale of perishable foods, including a combination of affordable, nutritious, and culturally appropriate fresh or frozen dairy, dairy substitute products, produce, meats, poultry, and fish, consistent with nutrition standards in national guidelines described in the current United States Department of Agriculture Dietary Guidelines for Americans.

Subd. 7. **Additional selection criteria.** In determining which qualified projects to finance, and in determining which qualified projects to provide with grants or other types of financial or technical assistance, the commissioner, in cooperation with any entities with which the commissioner contracts for those purposes and the Good Food Access Program Advisory Committee, shall also consider:

- (1) the level of need in the area to be served;
- (2) the degree to which the project requires an investment of public support, or technical assistance where applicable, to move forward, build capacity, create community impact, or be competitive;
- (3) the likelihood that the project will have positive economic and health impacts on the underserved community, including creation and retention of jobs for local or regional residents from

low-income and moderate-income areas that reflect area demographics, including communities of color;

(4) the degree to which the project will participate in state and local health department initiatives to educate consumers on nutrition, promote healthy eating and healthy weight, and support locally grown food products through programs such as Minnesota Grown; and

(5) any other criteria that the commissioner, in cooperation with public and private partners, determines to be consistent with the purposes of this chapter.

Subd. 8. **Eligible costs.** Financing for project loans, including low-interest, zero-interest, and forgivable loans, grants, and other financial or technical assistance, may be used to support one or more of the following purposes:

- (1) site acquisition and preparation;
- (2) predevelopment costs, including but not limited to feasibility studies, market studies, and appraisals;
- (3) construction and build-out costs;
- (4) equipment and furnishings;
- (5) workforce or retailer training; and
- (6) working capital.

Subd. 9. **Legislative report.** The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, shall submit an annual report on the good food access program by January 15 of each year to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture policy and finance. The annual report shall include, but not be limited to, a summary of the following metrics:

- (1) the number and types of projects financed;
- (2) the amount of dollars leveraged or matched per project;
- (3) the geographic distribution of financed projects;
- (4) the number and types of technical assistance recipients;
- (5) any market or commodity expansion associated with increased access;
- (6) the demographics of the areas served;
- (7) the costs of the program;
- (8) the number of SNAP and WIC dollars spent;
- (9) any increase in retail square footage;
- (10) the number of loans or grants to minority-owned or female-owned businesses; and

(11) measurable economic and health outcomes, including, but not limited to, increases in sales and consumption of locally sourced and other fresh fruits and vegetables, the number of construction and retail jobs retained or created, and any health initiatives associated with the program.

**Sec. 5. [17.1018] GOOD FOOD ACCESS PROGRAM ADVISORY COMMITTEE.**

Subdivision 1. Definitions. As used in this section, the following terms have the meanings given them:

- (1) "program" means the good food access program under section 17.1017; and
- (2) "commissioner" means the commissioner of agriculture.

Subd. 2. Creation. The Good Food Access Program Advisory Committee consists of the following members, appointed by the commissioner of agriculture, unless otherwise specified:

- (1) the commissioners of health, employment and economic development, and human services, or their respective designees;
- (2) one person representing the grocery industry;
- (3) two people representing economic or community development, one rural member and one urban or suburban member;
- (4) two people representing political subdivisions of the state;
- (5) one person designated by the Council for Minnesotans of African Heritage;
- (6) one person designated by the Minnesota Indian Affairs Council;
- (7) one person designated by the Council on Asian Pacific Minnesotans;
- (8) one person designated by the Chicano Latino Affairs Council;
- (9) one person designated by the Minnesota Farmers Union;
- (10) one person representing public health experts;
- (11) one person representing philanthropic foundations;
- (12) one person representing economic or community development financial institutions;
- (13) one person representing the University of Minnesota Regional Sustainable Development Partnerships;
- (14) two people representing organizations engaged in addressing food security, one representative from a statewide hunger relief organization and one from a community-based organization;
- (15) one person representing immigrant farmer-led organizations;
- (16) one person representing small business technical assistance with experience in food retail; and
- (17) up to four additional members with economic development, health equity, financial, or other relevant expertise.

At least half of the members must reside in or their organizations must serve rural Minnesota. The commissioner may remove members and fill vacancies as provided in section 15.059, subdivision 4.

Subd. 3. Duties. The advisory committee must advise the commissioner of agriculture on managing the program, establishing program criteria, establishing project eligibility guidelines, establishing application processes and additional selection criteria, establishing annual monitoring and accountability mechanisms, facilitating leveraging of additional public and private investments, and promoting the program statewide.

Subd. 4. Meetings. The commissioner must convene the advisory committee at least two times per year to achieve the committee's duties.

Subd. 5. Administrative support. The commissioner of agriculture must provide staffing, meeting space, and administrative services for the advisory committee.

Subd. 6. Chair. The commissioner of agriculture or the commissioner's designee shall serve as chair of the committee.

Subd. 7. Compensation. The public members of the advisory committee serve without compensation or payment of expenses.

Subd. 8. Expiration. The advisory committee does not expire.

Sec. 6. Minnesota Statutes 2014, section 17.117, subdivision 4, is amended to read:

Subd. 4. Definitions. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2, or. Best management practices also means other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner: (1) to prevent or reduce adverse environmental impacts by using the most effective and practicable means of achieving environmental goals; or (2) to achieve drinking water quality standards under chapter 103H or under Code of Federal Regulations, title 40, parts 141 and 143, as amended.

(g) "Borrower" means a farmer, an agriculture supply business, or a rural landowner applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date:

- (1) that has been approved and certified by the local government unit; and
- (2) for which a local lender has obligated itself to offer a loan.

(j) "Comprehensive water management plan" means a state approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

(n) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

(o) "Local lender" means a local government unit as defined in paragraph (n), a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

(p) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

(q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

(r) "Program" means the agriculture best management practices loan program in this section.

(s) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

(t) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns, zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.

Sec. 7. Minnesota Statutes 2014, section 17.117, subdivision 11a, is amended to read:

Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse environmental impacts are eligible if:

(1) the project is eligible under the ~~an allocation agreement and funding sources designated by the local government unit to finance the project; and~~

(2) (b) A manure management projects remediate ~~project is eligible if the project remediates or mitigate~~ impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules, chapter 7020, and otherwise meets the requirements of this section.

(c) A drinking water project is eligible if the project:

(1) ~~remediates the adverse environmental impacts or presence of contaminants in private well water;~~

(2) ~~implements best management practices to achieve drinking water standards; and~~

(3) ~~otherwise meets the requirements of this section.~~

Sec. 8. **[17.119] TRACTOR ROLLOVER PROTECTION PILOT GRANT PROGRAM.**

Subdivision 1. **Grants; eligibility.** (a) The commissioner must award cost-share grants to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible tractors with eligible rollover protective structures. Grants are limited to 70 percent of the farmer's or school's documented cost to purchase, ship, and install an eligible rollover protective structure. The commissioner must increase the grant award amount over the 70 percent grant limitation requirement if necessary to limit a farmer's or school's cost per tractor to no more than \$500.

(b) A rollover protective structure is eligible if it meets or exceeds SAE International standard J2194.

(c) A tractor is eligible if the tractor was built before 1987.

Subd. 2. **Promotion; administration.** The commissioner may spend up to 20 percent of total program dollars each fiscal year to promote and administer the program to Minnesota farmers and schools.

Subd. 3. **Nonstate sources; appropriation.** The commissioner must accept contributions from nonstate sources to supplement state appropriations for this program. Contributions received under this subdivision are appropriated to the commissioner for purposes of this section.

Subd. 4. **Expiration.** This section expires on June 30, 2019.

Sec. 9. Minnesota Statutes 2014, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

(b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. ~~The If the registrant's annual gross sales of the nonagricultural pesticide exceeded \$70,000 in the~~

previous calendar year, the registrant of a nonagricultural pesticide shall pay, in addition to the \$350 minimum fee, a fee of equal to 0.5 percent of that portion of the annual gross sales of the over \$70,000. For purposes of this subdivision, gross sales includes both nonagricultural pesticide sold in the state and the annual gross sales of the nonagricultural pesticide sold into the state for use in this state. No additional fee is required if the fee due amount based on percent of annual gross sales of a nonagricultural pesticide is less than \$10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed pesticide dealer shall pay a gross sales fee of 0.55 percent of annual gross sales of the agricultural pesticide in the state and the annual gross sales of the agricultural pesticide sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license and is responsible for payment of the annual gross sales fee under paragraph (c), record keeping under paragraph (i), and all other requirements of section 18B.316.

(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than \$6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.

(f) An additional fee of 50 percent of the registration application fee must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(g) A registrant must annually report to the commissioner the amount, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number, and amount of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(h) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

(i) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and surcharge under this section.

(j) The records are subject to inspection, copying, and audit by the commissioner and must clearly demonstrate proof of payment of all applicable fees and surcharges for each registered pesticide product sold for use in this state. A person who is located outside of this state must maintain and make available records required by this subdivision in this state or pay all costs incurred by the commissioner in the inspecting, copying, or auditing of the records.

(k) The commissioner may adopt by rule regulations that require persons subject to audit under this section to provide information determined by the commissioner to be necessary to enable the commissioner to perform the audit.

(l) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (b) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 10. Minnesota Statutes 2014, section 41A.12, subdivision 2, is amended to read:

**Subd. 2. Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118, bioenergy awards made by the ~~NextGen Energy Board~~ under section 41A.105, cost-share grants for the installation of biofuel blender pumps, and financial assistance to support other rural economic infrastructure activities.

Sec. 11. Minnesota Statutes 2015 Supplement, section 41A.14, is amended to read:

#### **41A.14 AGRICULTURE RESEARCH, EDUCATION, EXTENSION, AND TECHNOLOGY TRANSFER GRANT PROGRAM.**

**Subdivision 1. Duties; grants.** The agriculture research, education, extension, and technology transfer grant program is created. The purpose of the grant program is to provide investments that will most efficiently achieve long-term agricultural productivity increases through improved infrastructure, vision, and accountability. The scope and intent of the grants, to the extent possible, shall provide for a long-term base funding that allows the ~~research~~ grantee to continue the functions of the research, education, and extension, and technology transfer efforts to a practical conclusion. Priority for grants shall be given to human infrastructure. The commissioner shall provide grants for:

(1) agricultural research, extension, and technology transfer needs and recipients including agricultural research and extension at the University of Minnesota, research and outreach centers, the College of Food, Agricultural and Natural Resource Sciences, the Minnesota Agricultural Experiment Station, University of Minnesota Extension Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer Research and Education Council; for use by any of the following:

- (i) the College of Food, Agricultural and Natural Resource Sciences;
- (ii) the Minnesota Agricultural Experiment Station;
- (iii) the University of Minnesota Extension Service;
- (iv) the University of Minnesota Veterinary School;
- (v) the Veterinary Diagnostic Laboratory; or
- (vi) the Stakman-Borlaug Center;

(2) agriculture rapid response for plant and animal diseases and pests; and

(3) agricultural education including but not limited to the Minnesota Agriculture Education Leadership Council, farm business management, mentoring programs, graduate debt forgiveness, and high school programs.

Subd. 2. **Advisory panel.** (a) In awarding grants under this section, the commissioner and a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota must consult with an advisory panel consisting of the following stakeholders:

- (1) a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota;
  - (2) a representative of the Minnesota State Colleges and Universities system;
  - (3) a representative of the Minnesota Farm Bureau;
  - (4) a representative of the Minnesota Farmers Union;
  - (5) a person representing agriculture industry statewide;
  - (6) a representative of each of the state commodity councils organized under section 17.54 and the Minnesota Pork Board;
  - (7) a person representing an association of primary manufacturers of forest products;
  - (8) a person representing organic or sustainable agriculture; and
  - (9) a person representing statewide environment and natural resource conservation organizations.
- (b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their respective organizations.

Subd. 3. **Account.** An agriculture research, education, extension, and technology transfer account is created in the agricultural fund in the state treasury. The account consists of money received in the form of gifts, grants, reimbursement, or appropriations from any source for any of

the purposes provided in subdivision 1, and any interest or earnings of the account. Money in the account is appropriated to the commissioner of agriculture for the purposes under subdivision 1.

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

Sec. 12. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.

Sec. 13. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation.

Sec. 14. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2c. **Biobutanol.** "Biobutanol" means fermentation isobutyl alcohol that is derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources.

Sec. 15. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2d. **Biobutanol facility.** "Biobutanol facility" means a facility at which biobutanol is produced.

Sec. 16. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 9a. **Quarterly.** "Quarterly" means any of the following three-month intervals in a calendar year: January through March, April through June, July through September, or October through December.

Sec. 17. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 10, is amended to read:

Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with biobased content as defined in section 41A.105, subdivision 1a.

Sec. 18. Minnesota Statutes 2015 Supplement, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the

state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating above ~~95,000~~ 23,750 MMbtu of annual quarterly biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least ~~95,000~~ 23,750 MMbtu a year of biofuel quarterly.

(b) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (a).

(c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

(f) Biobutanol is eligible under this section.

Sec. 19. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 1, is amended to read:

**Subdivision 1. Eligibility.** (a) A facility eligible for payment under this program must source at least 80 percent biobased content, ~~as defined in section 41A.105, subdivision 1a, clause (1),~~ from Minnesota. If a facility is sited 50 miles or less from the state border, biobased content must be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of ~~3,000,000~~ 750,000 pounds of chemicals annually quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least ~~3,000,000~~ 750,000 pounds per year of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

(c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 20. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 2, is amended to read:

**Subd. 2. Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu pound produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

Sec. 21. Minnesota Statutes 2015 Supplement, section 41A.18, subdivision 1, is amended to read:

**Subdivision 1. Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials should be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location by June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 1,000 250 MMbtu per year of biomass thermal quarterly.

(b) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (a).

(c) An eligible producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Biofuel production for which payment has been received under section 41A.16, and renewable chemical production for which payment has been received under section 41A.17, are not eligible for payment under this section.

Sec. 22. **[41A.20] SIDING PRODUCTION INCENTIVE.**

Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of agriculture.

(c) "Forest resources" means raw wood logs and material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

Subd. 2. Eligibility. (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from forest resources. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating before July 1, 2017. Eligible facilities include existing companies and facilities that are adding siding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible siding production facilities must produce at least 200,000,000 siding square feet on a 3/8 inch nominal basis of siding each year.

(b) No payments shall be made for siding production that occurs after June 30, 2035, for those eligible producers under paragraph (a).

(c) An eligible producer of siding shall not transfer the producer's eligibility for payments under this section to a facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

Subd. 3. Payment amounts; limits. (a) The commissioner shall make payments to eligible producers of siding. The amount of the payment for each eligible producer's annual production is \$7.50 per 1,000 siding square feet on a 3/8 inch nominal basis of siding produced at a specific location for ten years after the start of production.

(b) Total payments under this section to an eligible siding producer in a fiscal year may not exceed the amount necessary for 400,000,000 siding square feet on a 3/8 inch nominal basis of siding produced. Total payments under this section to all eligible siding producers in a fiscal year may not exceed the amount necessary for 400,000,000 siding square feet on a 3/8 inch nominal basis of siding produced. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(c) For purposes of this section, an entity that holds a controlling interest in more than one siding facility is considered a single eligible producer.

Subd. 4. Forest resources requirements. Forest resources that come from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training from the Minnesota logger education program or the equivalent, and have a forest stewardship plan.

Subd. 5. Claims. (a) By the last day of October, January, April, and July, each eligible siding producer shall file a claim for payment for siding production during the preceding three calendar months. An eligible siding producer that files a claim under this subdivision shall include a statement

of the eligible producer's total board feet of siding produced during the quarter covered by the claim. For each claim and statement of total board feet of siding filed under this subdivision, the board feet of siding produced must be examined by a certified public accounting firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

Subd. 6. Appropriation. A sum sufficient to make the payments required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated from the general fund to the commissioner.

Sec. 23. Minnesota Statutes 2015 Supplement, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. **When prepared.** Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment, and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory environmental assessment worksheet shall not be required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility as defined in section 41A.105 41A.15, subdivision 1a 2d, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant or biobutanol facility project for which an environmental assessment worksheet is prepared shall be the state agency with the greatest responsibility for supervising or approving the project as a whole.

A mandatory environmental impact statement shall not be required for a facility or plant located outside the seven-county metropolitan area that produces less than 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined in section 41A.105 41A.15, subdivision 1a, clause (1) 2d; or a cellulosic biofuel facility. A facility or plant that only uses a cellulosic feedstock to produce chemical products for use by another facility as a feedstock shall not be considered a fuel conversion facility as used in rules adopted under this chapter.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general circulation in the geographic area where the project is proposed, by posting the notice on a Web site that has been designated as the official publication site for publication of proceedings, public notices, and summaries of a political subdivision in which the project is proposed, or in any other manner determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 100 individuals who reside or own property in the state, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

(d) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days prior to the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for

any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(g) The responsible governmental unit shall, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement. When an environmental impact statement is prepared for a project requiring multiple permits for which two or more agencies' decision processes include either mandatory or discretionary hearings before a hearing officer prior to the agencies' decision on the permit, the agencies may, notwithstanding any law or rule to the contrary, conduct the hearings in a single consolidated hearing process if requested by the proposer. All agencies having jurisdiction over a permit that is included in the consolidated hearing shall participate. The responsible governmental unit shall establish appropriate procedures for the consolidated hearing process, including procedures to ensure that the consolidated hearing process is consistent with the applicable requirements for each permit regarding the rights and duties of parties to the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing.

(h) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

(i) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit shall require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

Sec. 24. Minnesota Statutes 2015 Supplement, section 583.215, is amended to read:

**583.215 EXPIRATION.**

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2016~~ 2018.

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

Sec. 25. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. Protection Services	16,452,000	16,402,000
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Appropriations by Fund

	2016	2017
General	15,874,000	15,824,000
Agricultural	190,000	190,000
Remediation	388,000	388,000

\$25,000 the first year and \$25,000 the second year are to develop and maintain cottage food license exemption outreach and training materials.

\$75,000 the first year is for the commissioner, in consultation with the Northeast Regional Corrections Center and the United Food and Commercial Workers, to study and provide recommendations for upgrading the existing processing facility on the campus of the Northeast Regional Corrections Center into a USDA-certified food processing facility. The commissioner shall report these recommendations to the chairs of the house of representatives and senate committees with jurisdiction over agriculture finance by March 15, 2016.

\$75,000 the second year is ~~for a coordinator for to coordinate the correctional facility vocational training pilot program and to assist entities that have explored the feasibility of establishing a USDA-certified or state "equal to" food processing facility within 30 miles of the Northeast Regional Corrections Center.~~

\$388,000 the first year and \$388,000 the second year are from the remediation fund

for administrative funding for the voluntary cleanup program.

\$225,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled animals under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for animals that were destroyed or crippled during fiscal years 2014 and 2015. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

\$125,000 the first year and \$125,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

\$70,000 the first year and \$70,000 the second year are for additional cannery inspections.

\$100,000 the first year and \$100,000 the second year are for increased oversight of delegated local health boards.

\$100,000 the first year and \$100,000 the second year are to decrease the turnaround time for retail food handler plan reviews.

\$1,024,000 the first year and \$1,024,000 the second year are to streamline the retail food safety regulatory and licensing experience for regulated businesses and to decrease the inspection delinquency rate.

\$1,350,000 the first year and \$1,350,000 the second year are for additional inspections of food manufacturers and wholesalers.

\$150,000 the first year and \$150,000 the second year are for additional funding for dairy inspection services.

\$150,000 the first year and \$150,000 the second year are for additional funding for laboratory services operations.

\$250,000 the first year and \$250,000 the second year are for additional meat inspection services, including inspections provided under the correctional facility vocational training pilot program.

Notwithstanding Minnesota Statutes, section 18B.05, \$90,000 the first year and \$90,000 the second year are from the pesticide regulatory account in the agricultural fund for an increase in the operating budget for the Laboratory Services Division.

\$100,000 the first year and \$100,000 the second year are from the pesticide regulatory account in the agricultural fund to update and modify applicator education and training materials.

Sec. 26. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, is amended to read:

**Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement**

14,993,000 19,010,000

\$4,483,000 the first year and \$8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes money for plant breeders at the University of Minnesota for wild rice, potatoes, and grapes. Of these amounts, at least \$600,000 each year is for ~~agriculture rapid response~~ the Minnesota Agricultural Experiment Station's Agriculture Rapid Response Fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, \$1,000,000 each year is for transfer to the Board of Regents of the University of

Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, \$2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$10,235,000 the first year and \$10,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up,

modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, 2019.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and

structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$500,000 in fiscal year 2016 and \$1,500,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems.

Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses.

The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

\$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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

Sec. 27. Laws 2015, First Special Session chapter 4, article 1, section 5, is amended to read:

**Sec. 5. AVIAN INFLUENZA RESPONSE ACTIVITIES; EMERGENCY PREPAREDNESS; APPROPRIATIONS AND TRANSFERS.**

(a) ~~\$3,619,000~~ \$519,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of agriculture for avian influenza emergency response activities. The commissioner may use money appropriated under this paragraph to purchase necessary euthanasia and composting equipment and to reimburse costs incurred by local units of government directly related to avian influenza emergency response activities that are not eligible for federal reimbursement. This appropriation is available the day following final enactment until June 30, 2017.

(b) \$1,853,000 is appropriated from the general fund in fiscal year 2016 to the Board of Animal Health for ~~avian influenza emergency response activities. The Board may use money appropriated under this paragraph to purchase necessary euthanasia and composting equipment.~~ any animal disease emergency response or planning activity, including but not limited to:

(1) the retention of staff trained in disease response;

(2) costs associated with the relocation and expansion of the Minnesota Poultry Testing Laboratory;

(3) the identification of risk factors for disease transmission; and

(4) the implementation of strategies to prevent or reduce the risk of disease introduction and transmission.

This appropriation is available the day following final enactment until June 30, 2017 2019.

(c) \$103,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of health for avian influenza emergency response activities. This appropriation is available the day following final enactment until June 30, 2017.

(d) \$350,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of natural resources for sampling wild animals to detect and monitor the avian influenza virus. This appropriation may also be used to conduct serology sampling, in consultation with the Board of Animal Health and the University of Minnesota Pomeroy Chair in Avian Health, from birds within a control zone and outside of a control zone. This appropriation is available the day following final enactment until June 30, 2017.

(e) \$544,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of public safety to operate the State Emergency Operation Center in coordination with the statewide avian influenza response activities. Appropriations under this paragraph may also be used to support a staff person at the state's agricultural incident command post in Willmar. This appropriation is available the day following final enactment until June 30, 2017.

(f) The commissioner of management and budget may transfer unexpended balances from the appropriations in this section to any state agency for operating expenses related to avian influenza emergency response activities. The commissioner of management and budget must report each transfer to the chairs and ranking minority members of the senate Committee on Finance and the house of representatives Committee on Ways and Means.

(g) In addition to the transfers required under Laws 2015, chapter 65, article 1, section 17, no later than September 30, 2015, the commissioner of management and budget must transfer \$4,400,000 from the fiscal year 2015 closing balance in the general fund to the disaster assistance contingency account in Minnesota Statutes, section 12.221, subdivision 6. This amount is available for avian influenza emergency response eligible activities as provided in Laws 2015, chapter 65, article 1, section 18, as amended.

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

**Sec. 28. GOOD FOOD ACCESS ADVISORY COMMITTEE.**

The commissioner of agriculture and designating authorities must make their initial appointments and designations by July 1, 2016, for the Good Food Access Advisory Committee established under Minnesota Statutes, section 17.1018. The commissioner of agriculture or the commissioner's designee must convene the first meeting of the Good Food Access Advisory Committee by September 1, 2016.

**Sec. 29. FARMER-LENDER MEDIATION TASK FORCE.**

The commissioner of agriculture must convene an advisory task force to provide recommendations to the legislature regarding the state's Farmer-Lender Mediation Act. The task force must be comprised of 14 members, including the commissioner or the commissioner's designee, one farm advocate appointed by the commissioner who is responsible for mediating debt between farmers and lenders, one adult farm business management instructor appointed by the commissioner, and three farmers appointed by the commissioner, at least one of whom is a beginning or nontraditional farmer and at least one of whom has personal experience with the farmer-lender mediation program. The remaining membership of the task force consists of one member appointed by each of the following entities:

- (1) Minnesota Farm Bureau;
- (2) Minnesota Farmers Union;
- (3) Minnesota Bankers Association;
- (4) Independent Community Bankers of Minnesota;
- (5) Farm Credit Services - Minnesota State Federation;
- (6) Minnesota Credit Union Network;
- (7) Minnesota-South Dakota Equipment Dealers Association; and
- (8) University of Minnesota Extension.

No later than February 1, 2017, the commissioner must report the task force's recommendations to the legislative committees with jurisdiction over agriculture policy and finance.

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

Sec. 30. **TRANSFER REQUIRED.**

Of the amount appropriated from the general fund to the commissioner of agriculture for transfer to the rural finance authority revolving loan account in Laws 2015, First Special Session chapter 4, article 2, section 6, the commissioner of management and budget must transfer \$7,713,000 back to the general fund in fiscal year 2016. This is a onetime transfer.

Sec. 31. **REPEALER.**

Laws 2015, First Special Session chapter 4, article 2, section 81, is repealed.

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

### ARTICLE 3

#### ENVIRONMENT AND NATURAL RESOURCES

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

<b>APPROPRIATIONS</b>	
<b>Available for the Year</b>	
<b>Ending June 30</b>	
<b>2016</b>	<b>2017</b>

**Sec. 2. POLLUTION CONTROL AGENCY**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>-0-</u>	<u>\$ 2,620,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>-0-</u>	<u>1,918,000</u>
<u>Environmental</u>	<u>-0-</u>	<u>702,000</u>

<u>Subd. 2. Water</u>	<u>-0-</u>	<u>\$ 1,038,000</u>
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\$437,000 the second year is from the general fund and \$486,000 the second year is from the environmental fund to meet the increased demand for technical assistance and review of municipal water infrastructure projects that will be generated by increased grant funding through the Public Facilities Authority. This is a onetime appropriation and is available until June 30, 2019.

\$115,000 the second year is for the working lands program feasibility study and program plan. This is a onetime appropriation and is available until June 30, 2018.

<u>Subd. 3. Land</u>	<u>-0-</u>	<u>432,000</u>
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\$216,000 the second year is from the general fund and \$216,000 the second year is from the environmental fund to manage contaminated sediment projects at multiple sites identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River area of concern. This amount is added to the base for fiscal years 2018, 2019, and 2020 only.

<u>Subd. 4. Environmental Assistance and Cross-Media</u>	<u>-0-</u>	<u>1,150,000</u>
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\$500,000 the second year is for SCORE block grants to counties. This amount is in addition to the amounts appropriated in Laws 2015, First Special Session chapter 4, article 3, section 2, subdivision 5. This is a onetime appropriation.

\$650,000 the second year is to design remedial actions and prepare bids for the Waste Disposal Engineering Landfill in the city of Andover in accordance with the closed landfill program under Minnesota Statutes, sections 115B.39 to 115B.42. This is a onetime appropriation.

Sec. 3. **NATURAL RESOURCES**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>2,269,000</u>	<u>\$ 14,432,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>1,599,000</u>	<u>9,567,000</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>4,755,000</u>
<u>Game and Fish</u>	<u>670,000</u>	<u>110,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Lands and Minerals Management</u>	<u>-0-</u>	<u>200,000</u>
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\$200,000 the second year is to initiate, in consultation with the school trust lands director, a valuation process and representative valuations for the compensation of school trust lands required by Minnesota Statutes, section 84.027, subdivision 18, paragraph (b). By January 15, 2017, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and education policy and finance on the Department of Natural Resources' progress in developing a valuation process, a description of the process to identify representative sample valuations, and the results of the representative valuations of school trust lands identified for compensation. This is a onetime appropriation.

<u>Subd. 3. Ecological and Water Resources</u>	<u>-0-</u>	<u>612,000</u>
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\$187,000 the second year is for a grant to the Middle-Snake-Tamarac Rivers Watershed District to match equal funds from the North Dakota State Water Commission and North Dakota water boards to conduct hydraulic modeling of alternative floodway options for the reach including and upstream and downstream of the Minnesota and North Dakota agricultural levies in the vicinity of Oslo, Minnesota. The modeling must include evaluating removal of floodway flow obstructions, channel obstructions, transportation access, and equalization of agricultural levy protection. The project must be conducted in partnership with the border township association group representing four Minnesota townships and the city of Oslo and the three adjacent townships in North Dakota. This is a onetime appropriation and is available until June 30, 2018.

\$200,000 the second year is for a grant to the Koronis Lake Association for purposes of removing and preventing aquatic invasive species. This is a onetime appropriation.

\$225,000 the second year is from the water management account in the natural resources fund for water appropriation monitoring, modeling, and reporting for the Cold Spring Creek area as required under this act. This is a onetime appropriation and is available until June 30, 2022.

**Subd. 4. Forest Management**

-0-

3,500,000

\$2,500,000 the second year is for private forest management assistance. The agency base is increased by \$2,000,000 in fiscal year 2018 and thereafter.

\$1,000,000 the second year is from the forest management investment account in the natural resources fund for reforestation on state lands. This is a onetime appropriation.

**Subd. 5. Parks and Trails Management**

-0-

6,459,000

**Appropriations by Fund**

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>-0-</u>	<u>2,929,000</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>3,530,000</u>

\$2,800,000 the second year is a onetime appropriation.

\$2,300,000 the second year is from the state parks account in the natural resources fund. Of this amount, \$1,300,000 is onetime, of which \$1,150,000 is for strategic park acquisition.

\$20,000 the second year is from the natural resources fund to design and erect signs marking the David Dill trail designated in this act. Of this amount, \$10,000 is from the snowmobile trails and enforcement account and \$10,000 is from the all-terrain vehicle account. This is a onetime appropriation.

\$100,000 the second year is for the improvement of the infrastructure for sanitary sewer service at the Woodenfrog Campground in Kabetogama State Forest. This is a onetime appropriation.

\$29,000 the second year is for computer programming related to the transfer-on-death title changes for watercraft. This is a onetime appropriation.

\$210,000 the first year is from the water recreation account in the natural resources fund for implementation of Minnesota Statutes, section 86B.532, established in this act. This is a onetime appropriation. The commissioner of natural resources shall seek federal and other nonstate funds to reimburse the department for the initial costs of producing and distributing carbon monoxide boat warning labels. All amounts collected under this paragraph shall be deposited into the water recreation account.

\$1,000,000 the second year is from the natural resources fund for a grant to Lake County for construction, including bridges, of the Prospectors ATV Trail System

linking the communities of Ely, Babbitt, Embarrass, and Tower; Bear Head Lake and Lake Vermilion-Soudan Underground Mine State Parks; the Taconite State Trail; and the Lake County Regional ATV Trail System. Of this amount, \$900,000 is from the all-terrain vehicle account, \$50,000 is from the off-highway motorcycle account, and \$50,000 is from the off-road vehicle account. This is a onetime appropriation.

<b>Subd. 6. Fish and Wildlife Management</b>	<u>-0-</u>	<u>50,000</u>
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\$50,000 the second year is from the game and fish fund for fish virus surveillance, including fish testing in high-risk waters used for bait production, to ensure the availability of safe bait. This is a onetime appropriation.

<b>Subd. 7. Enforcement</b>	<u>670,000</u>	<u>-0-</u>
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\$670,000 the first year is from the game and fish fund for aviation services. This is a onetime appropriation.

<b>Subd. 8. Operations Support</b>	<u>1,599,000</u>	<u>3,611,000</u>
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#### Appropriations by Fund

	<u>2016</u>	<u>2017</u>
General	<u>1,599,000</u>	<u>3,551,000</u>
Game and Fish	<u>-0-</u>	<u>60,000</u>

\$1,599,000 the first year and \$2,801,000 the second year are for legal costs related to the NorthMet mining project. Of this amount, up to \$1,289,000 the second year may be transferred to other agencies for legal costs associated with the NorthMet mining project. This is a onetime appropriation and is available until June 30, 2019.

\$750,000 the second year is for a grant to Wolf Ridge Environmental Learning Center to construct a new dormitory, renovate an old dormitory, construct a maintenance building, and construct a small classroom building with parking. The grant is not available until the commissioner of management

and budget determines that an amount sufficient to complete the project is available from nonstate sources. This is a onetime appropriation and is available until June 30, 2019.

\$60,000 the second year is from the heritage enhancement account for the department's Southeast Asian unit to conduct outreach efforts to the Southeast Asian community in Minnesota, including outreach efforts to refugees from Burma, to encourage participation in outdoor education opportunities and activities. This is a onetime appropriation.

**Sec. 4. BOARD OF WATER AND SOIL RESOURCES**

\$                   -0- \$                   479,000

\$479,000 the second year is for the development of a detailed plan to implement a working lands watershed restoration program to incentivise the establishment and maintenance of perennial crops that includes the following:

- (1) a process for selecting pilot watersheds that are expected to result in the greatest water quality improvements and exhibit readiness to participate in the program;
- (2) an assessment of the quantity of agricultural land that is expected to be eligible for the program in each watershed;
- (3) an assessment of landowner interest in participating in the program;
- (4) an assessment of the contract terms and any recommendations for changes to the terms, including consideration of variable payment rates for lands of different priority or type;
- (5) an assessment of the opportunity to leverage federal funds through the program and recommendations on how to maximize the use of federal funds for assistance to establish perennial crops;

(6) an assessment of how other state programs could complement the program;

(7) an estimate of water quality improvements expected to result from implementation in pilot watersheds;

(8) an assessment of how to best integrate program implementation with existing conservation requirements and develop recommendations on harvest practices and timing to benefit wildlife production;

(9) an assessment of the potential viability and water quality benefit of cover crops used in biomass processing facilities;

(10) a timeline for implementation, coordinated to the extent possible with proposed biomass processing facilities; and

(11) a projection of funding sources needed to complete implementation.

This is a onetime appropriation and is available until June 30, 2018.

The board shall coordinate development of the working lands watershed restoration plan with stakeholders and the commissioners of natural resources, agriculture, and the Pollution Control Agency. The board must submit an interim report by October 15, 2017, and the feasibility study and program plan by February 1, 2018, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture, natural resources, and environment policy and finance and to the Clean Water Council.

Sec. 5. **LEGISLATURE**

\$ 25,000 \$ -0-

\$25,000 the first year is from the Minnesota future resources fund to the Legislative Coordinating Commission for the Aggregate Resources Task Force established in this act. This is a onetime appropriation and is available until June 30, 2018.

Sec. 6. **ADMINISTRATION**

\$ 250,000 \$ -0-

\$250,000 the first year is from the state forest suspense account in the permanent school fund for the school trust lands director to initiate real estate development projects on school trust lands as determined by the school trust lands director. This is a onetime appropriation.

Sec. 7. Minnesota Statutes 2014, section 17.4982, subdivision 18a, is amended to read:

Subd. 18a. **Nonindigenous species.** "Nonindigenous species" means a species of fish or other aquatic life that is:

- (1) not known to have been historically present in the state;
- (2) not known to be naturally occurring in a particular part of the state; or
- (3) listed designated by rule as a prohibited or regulated invasive species.

Sec. 8. Minnesota Statutes 2014, section 84.027, subdivision 13, is amended to read:

Subd. 13. **Game and fish rules.** (a) The commissioner of natural resources may adopt rules under sections 97A.0451 to 97A.0459 and this subdivision that are authorized under:

(1) chapters 97A, 97B, and 97C to set open seasons and areas, to close seasons and areas, to select hunters for areas, to provide for tagging and registration of game and fish, to prohibit or allow taking of wild animals to protect a species, to prevent or control wildlife disease, to open or close bodies of water or portions of bodies of water for night bow fishing, and to prohibit or allow importation, transportation, or possession of a wild animal;

(2) sections 84.093, 84.15, and 84.152 to set seasons for harvesting wild ginseng roots and wild rice and to restrict or prohibit harvesting in designated areas; and

(3) section 84D.12 to list designate prohibited invasive species, regulated invasive species, and unregulated nonnative species; and to list infested waters.

(b) If conditions exist that do not allow the commissioner to comply with sections 97A.0451 to 97A.0459, including the need to adjust season variables on an annual basis based upon current biological and harvest data, the commissioner may adopt a rule under this subdivision by submitting the rule to the attorney general for review under section 97A.0455, publishing a notice in the State Register and filing the rule with the secretary of state and the Legislative Coordinating Commission, and complying with section 97A.0459, and including a statement of the conditions and a copy of the rule in the notice. The conditions for opening a water body or portion of a water body for night bow fishing under this section may include the need to temporarily open the area to evaluate compatibility of the activity on that body of water prior to permanent rulemaking. The notice may be published after it is received from the attorney general or five business days after it is submitted to the attorney general, whichever is earlier.

(c) Rules adopted under paragraph (b) are effective upon publishing in the State Register and may be effective up to seven days before publishing and filing under paragraph (b), if:

- (1) the commissioner of natural resources determines that an emergency exists;

(2) the attorney general approves the rule; and

(3) for a rule that affects more than three counties the commissioner publishes the rule once in a legal newspaper published in Minneapolis, St. Paul, and Duluth, or for a rule that affects three or fewer counties the commissioner publishes the rule once in a legal newspaper in each of the affected counties.

(d) Except as provided in paragraph (e), a rule published under paragraph (c), clause (3), may not be effective earlier than seven days after publication.

(e) A rule published under paragraph (c), clause (3), may be effective the day the rule is published if the commissioner gives notice and holds a public hearing on the rule within 15 days before publication.

(f) The commissioner shall attempt to notify persons or groups of persons affected by rules adopted under paragraphs (b) and (c) by public announcements, posting, and other appropriate means as determined by the commissioner.

(g) Notwithstanding section 97A.0458, a rule adopted under this subdivision is effective for the period stated in the notice but not longer than 18 months after the rule is effective.

Sec. 9. Minnesota Statutes 2015 Supplement, section 84.027, subdivision 13a, is amended to read:

**Subd. 13a. Game and fish expedited permanent rules.** (a) In addition to the authority granted in subdivision 13, the commissioner of natural resources may adopt rules under section 14.389 that are authorized under:

(1) chapters 97A, 97B, and 97C to describe zone or permit area boundaries, to designate fish spawning beds or fish preserves, to select hunters or anglers for areas, to provide for registration of game or fish, to prevent or control wildlife disease, or to correct errors or omissions in rules that do not have a substantive effect on the intent or application of the original rule; or

(2) section 84D.12 to list designate prohibited invasive species, regulated invasive species, and unregulated nonnative species.

(b) The commissioner of natural resources may adopt rules under section 14.389 that are authorized under chapters 97A, 97B, and 97C, for purposes in addition to those listed in paragraph (a), clause (1), subject to the notice and public hearing provisions of section 14.389, subdivision 5.

Sec. 10. Minnesota Statutes 2014, section 84.091, subdivision 2, is amended to read:

**Subd. 2. License required; exception exemptions.** (a) Except as provided in paragraph (b) this subdivision, a person may not harvest, buy, sell, transport, or possess aquatic plants without a license required under this chapter. A license shall be issued in the same manner as provided under the game and fish laws.

(b) A resident under the age of 18 years may harvest wild rice without a license, if accompanied by a person with a wild rice license.

(c) Tribal band members who possess a valid tribal identification card from a federally recognized tribe located in Minnesota are deemed to have a license to harvest wild rice under this section.

Sec. 11. Minnesota Statutes 2014, section 84.798, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** Registration is not required for an off-road vehicle that is:

(1) owned and used by the United States, an Indian tribal government, the state, another state, or a political subdivision; or

(2) registered in another state or country and has not been in this state for more than 30 consecutive days; or

(3) operated with a valid state trail pass according to section 84.8035.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 12. Minnesota Statutes 2014, section 84.8035, is amended to read:

**84.8035 NONRESIDENT OFF-ROAD VEHICLE STATE TRAIL PASS.**

Subdivision 1. **Pass required; fee.** (a) Except as provided under paragraph (c), a nonresident person may not operate an off-road vehicle on a state or grant-in-aid off-road vehicle trail or use area unless the vehicle displays a nonresident an off-road vehicle state trail pass sticker issued according to this section. The pass must be viewable by a peace officer, a conservation officer, or an employee designated under section 84.0835.

(b) The fee for an annual pass is \$20. The pass is valid from January 1 through December 31. The fee for a three-year pass is \$30. The commissioner of natural resources shall issue a pass upon application and payment of the fee. Fees collected under this section, except for the issuing fee for licensing agents, shall be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid to counties and municipalities for off-road vehicle organizations to construct and maintain off-road vehicle trails and use areas.

(c) A nonresident An off-road vehicle state trail pass is not required for:

(1) an off-road vehicle that is owned and used by the United States, another state, or a political subdivision thereof that is exempt from registration under section 84.798, subdivision 2;

(2) a person operating an off-road vehicle only on the portion of a trail that is owned by the person or the person's spouse, child, or parent; or

(3) a nonresident person operating an off-road vehicle that is registered according to section 84.798.

(d) The fee for an annual nonresident off-road vehicle state trail pass is \$20. The nonresident pass is valid from January 1 through December 31. The fee for a nonresident three-year pass is \$30.

(e) The fee for a resident off-road vehicle state trail pass is \$20. The resident pass is valid for 30 consecutive days after the date of issuance.

Subd. 2. **License agents.** The commissioner may appoint agents to issue and sell nonresident off-road vehicle state trail passes. The commissioner may revoke the appointment of an agent at any time. The commissioner may adopt additional rules as provided in section 97A.485, subdivision 11. An agent shall observe all rules adopted by the commissioner for accounting and handling of passes

pursuant to section 97A.485, subdivision 11. An agent shall promptly deposit and remit all money received from the sale of the passes, exclusive of the issuing fee, to the commissioner.

**Subd. 3. Issuance of passes.** The commissioner and agents shall issue and sell nonresident off-road vehicle state trail passes. The commissioner shall also make the passes available through the electronic licensing system established under section 84.027, subdivision 15.

**Subd. 4. Agent's fee.** In addition to the fee for a pass, an issuing fee of \$1 per pass shall be charged. The issuing fee may be retained by the seller of the pass. Issuing fees for passes issued by the commissioner shall be deposited in the off-road vehicle account in the natural resources fund and retained for the operation of the electronic licensing system.

**Subd. 5. Duplicate passes.** The commissioner and agents shall issue a duplicate pass to persons whose pass is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate nonresident off-road vehicle state trail pass is \$4, with an issuing fee of 50 cents.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 13. Minnesota Statutes 2014, section 84D.01, subdivision 2, is amended to read:

**Subd. 2. Aquatic macrophyte.** "Aquatic macrophyte" means macro algae or a macroscopic nonwoody plant, either a submerged, floating leafed, floating, or emergent plant that naturally grows in water.

Sec. 14. Minnesota Statutes 2014, section 84D.05, subdivision 1, is amended to read:

**Subdivision 1. Prohibited activities.** A person may not possess, import, purchase, sell, propagate, transport, or introduce a prohibited invasive species, except:

- (1) under a permit issued by the commissioner under section 84D.11;
- (2) in the case of purple loosestrife, as provided by sections 18.75 to 18.88;
- (3) under a restricted species permit issued under section 17.457;
- (4) when being transported to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying the species or reporting the presence of the species;
- (5) when being transported for disposal as part of a harvest or control activity when specifically authorized under a permit issued by the commissioner according to section 103G.615, when being transported for disposal as specified under a commercial fishing license issued by the commissioner according to section 97A.418, 97C.801, 97C.811, 97C.825, 97C.831, or 97C.835, or when being transported as specified by the commissioner;
- (6) when the specimen has been lawfully acquired dead and, in the case of plant species, all seeds are removed or are otherwise secured in a sealed container;
- (7) in the form of herbaria or other preserved specimens;
- (8) (6) when being removed from watercraft and equipment, or caught while angling, and immediately returned to the water from which they came; or
- (9) (7) as the commissioner may otherwise prescribe by rule.

**Sec. 15. [84D.075] NONNATIVE SPECIES, AQUATIC PLANTS, AND AQUATIC MACROPHYTES; PARTS AND LIFE STAGE.**

A law relating to a nonnative species, aquatic plant, or aquatic macrophyte applies in the same manner to a part of a nonnative species, aquatic plant, or aquatic macrophyte, whether alive or dead, and to any life stage or form.

Sec. 16. Minnesota Statutes 2014, section 84D.09, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** Unless otherwise prohibited by law, a person may transport aquatic macrophytes:

- (1) that are duckweeds in the family Lemnaceae;
- (2) for purposes of constructing shooting or observation blinds in amounts sufficient for that purpose, provided that the aquatic macrophytes are emergent and cut above the waterline;
- (3) when legally purchased or traded by or from commercial or hobbyist sources for aquarium, wetland or lakeshore restoration, or ornamental purposes;
- (4) when harvested for personal or commercial use if in a motor vehicle;
- (5) to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying a species or reporting the presence of a species;
- (6) that are wild rice harvested under section 84.091;
- (7) in the form of fragments of emergent aquatic macrophytes incidentally transported in or on watercraft or decoys used for waterfowl hunting during the waterfowl season; or
- (8) when removing water-related equipment from waters of the state for purposes of cleaning off aquatic macrophytes before leaving a water access site; or
- (9) when being transported from riparian property to a legal disposal site that is at least 100 feet from any surface water, ditch, or seasonally flooded land, provided the aquatic macrophytes are in a covered commercial vehicle specifically designed and used for hauling trash.

Sec. 17. Minnesota Statutes 2014, section 84D.10, subdivision 4, is amended to read:

Subd. 4. **Persons transporting water-related equipment.** (a) When leaving waters a water of the state, a person must drain water-related equipment holding water and live wells and bilges by removing the drain plug before transporting the water-related equipment off the water access site or riparian property. For the purposes of this paragraph, "transporting" includes moving water-related equipment over land between connected or unconnected water bodies, but does not include moving water-related equipment within the immediate area required for loading and preparing the water-related equipment for transport over land.

(b) Drain plugs, bailers, valves, or other devices used to control the draining of water from ballast tanks, bilges, and live wells must be removed or opened while transporting water-related equipment.

(c) Emergency response vehicles and equipment may be transported on a public road with the drain plug or other similar device replaced only after all water has been drained from the equipment upon leaving the water body.

(d) Portable bait containers used by licensed aquatic farms, portable bait containers when fishing through the ice except on waters listed infested for viral hemorrhagic septicemia, and marine sanitary systems are exempt from this subdivision.

(e) A person must not dispose of bait in waters of the state.

(f) A boat lift, dock, swim raft, or associated equipment that has been removed from any water body may not be placed in another water body until a minimum of 21 days have passed.

(g) A person who transports water that is appropriated from noninfested surface water bodies and that is transported by a commercial vehicle, excluding watercraft, or commercial trailer, which vehicle or trailer is specifically designed and used for water hauling, is exempt from paragraphs (a) and (b), provided that the person does not discharge the transported water to other surface waters or within 100 feet of a surface water body.

(h) A person transporting water from noninfested surface water bodies for firefighting or emergencies that threaten human safety or property is exempt from paragraphs (a) and (b).

Sec. 18. Minnesota Statutes 2014, section 84D.108, is amended by adding a subdivision to read:

Subd. 2a. Lake Minnetonka pilot study. (a) The commissioner may issue an additional permit to service providers to return to Lake Minnetonka water-related equipment with zebra mussels attached after the equipment has been seasonally stored, serviced, or repaired. The permit must include verification and documentation requirements and any other conditions the commissioner deems necessary.

(b) Water-related equipment with zebra mussels attached may be returned only to Lake Minnetonka (DNR Division of Waters number 27-0133) by service providers permitted under subdivision 1.

(c) The service provider's place of business must be within the Lake Minnetonka Conservation District as established according to sections 103B.601 to 103B.645.

(d) A service provider applying for a permit under this subdivision must, if approved for a permit and before the permit is valid, furnish a corporate surety bond in favor of the state for \$50,000 payable upon violation of this chapter.

(e) This subdivision expires December 1, 2018.

Sec. 19. Minnesota Statutes 2015 Supplement, section 84D.11, subdivision 1, is amended to read:

**Subdivision 1. Prohibited invasive species.** (a) The commissioner may issue a permit for the propagation, possession, importation, purchase, or transport of a prohibited invasive species for the purposes of disposal, decontamination, control, research, or education.

(b) The commissioner may issue a permit as provided under section 84D.108, subdivision 2a, to a service provider to allow water-related equipment to be placed back into the same body of water after being seasonally stored, serviced, or repaired by the service provider. This paragraph expires December 1, 2018.

Sec. 20. Minnesota Statutes 2014, section 84D.13, subdivision 4, is amended to read:

Subd. 4. **Warnings; civil citations.** After appropriate training, conservation officers, other licensed peace officers, and other department personnel designated by the commissioner may issue warnings or citations to a person who:

- (1) unlawfully transports prohibited invasive species or aquatic macrophytes;
- (2) unlawfully places or attempts to place into waters of the state water-related equipment that has aquatic macrophytes or prohibited invasive species attached;
- (3) intentionally damages, moves, removes, or sinks a buoy marking, as prescribed by rule, Eurasian watermilfoil;
- (4) fails to remove plugs, open valves, and drain water from water-related equipment before leaving waters of the state or when transporting water-related equipment as provided in section 84D.10, subdivision 4; or
- (5) transports infested water, in violation of rule, off riparian property;  
(6) fails to comply with a decontamination order when a decontamination unit is available on site;  
(7) fails to complete decontamination of water-related equipment or to remove invasive species from water-related equipment by the date specified on a tagging notice and order; or  
(8) fails to complete the aquatic invasive species offender training course required under section 86B.13.

Sec. 21. Minnesota Statutes 2015 Supplement, section 84D.13, subdivision 5, is amended to read:

Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose the following penalty amounts:

- (1) for transporting aquatic macrophytes in violation of section 84D.09, \$100;
- (2) for placing or attempting to place into waters of the state water-related equipment that has aquatic macrophytes attached, \$200;
- (3) for unlawfully possessing or transporting a prohibited invasive species other than an aquatic macrophyte, \$500;
- (4) for placing or attempting to place into waters of the state water-related equipment that has prohibited invasive species attached when the waters are not listed by the commissioner as being infested with that invasive species, \$500;
- (5) for intentionally damaging, moving, removing, or sinking a buoy marking, as prescribed by rule, Eurasian watermilfoil, \$100;
- (6) for failing to have drain plugs or similar devices removed or opened while transporting water-related equipment or for failing to remove plugs, open valves, and drain water from water-related equipment, other than marine sanitary systems, before leaving waters of the state, \$100;
- (7) for transporting infested water off riparian property without a permit as required by rule, \$200; and

(8) for failing to have aquatic invasive species affirmation displayed or available for inspection as provided in sections 86B.401 and 97C.301, subdivision 2a, \$25; ;

(9) for failing to comply with a decontamination order when a decontamination unit is available on site, \$250;

(10) for failing to complete decontamination of water-related equipment or to remove invasive species from water-related equipment by the date specified on a tagging notice and order, \$250; and

(11) for failing to complete the aquatic invasive species offender training course required under section 86B.13, \$25.

(b) A civil citation that is issued to a person who has one or more prior convictions or final orders for violations of this chapter is subject to twice the penalty amounts listed in paragraph (a).

Sec. 22. Minnesota Statutes 2014, section 85.015, subdivision 13, is amended to read:

**Subd. 13. Arrowhead Region Trails, Cook, Lake, St. Louis, Pine, Carlton, Koochiching, and Itasca Counties.** (a)(1) The Taconite Trail shall originate at Ely in St. Louis County and extend southwesterly to Tower in St. Louis County, thence westerly to McCarthy Beach State Park in St. Louis County, thence southwesterly to Grand Rapids in Itasca County and there terminate;

(2) the C. J. Ramstad/Northshore Trail shall originate in Duluth in St. Louis County and extend northeasterly to Two Harbors in Lake County, thence northeasterly to Grand Marais in Cook County, thence northeasterly to the international boundary in the vicinity of the north shore of Lake Superior, and there terminate;

(3) ~~The Grand Marais to International Falls Trail shall originate in Grand Marais in Cook County and extend northwesterly, outside of the Boundary Waters Canoe Area, to Ely in St. Louis County, thence southwesterly along the route of the Taconite Trail to Tower in St. Louis County, thence northwesterly through the Pelican Lake area in St. Louis County to International Falls in Koochiching County, and there terminate~~ the David Dill/Arrowhead Trail shall originate at International Falls in Koochiching County and extend southeasterly through the Pelican Lake area in St. Louis County, intersecting with the Taconite Trail west of Tower; then the David Dill/Taconite Trail continues easterly to Ely in St. Louis County; then the David Dill/Tomahawk Trail extends southeasterly, outside the Boundary Waters Canoe Area, to the area of Little Marais in Lake County and there terminates at the intersection with the C. J. Ramstad/Northshore Trail; and

(4) the Matthew Lourey Trail shall originate in Duluth in St. Louis County and extend southerly to Chengwatana State Forest in Pine County.

(b) The trails shall be developed primarily for riding and hiking.

(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Arrowhead Region trails may be acquired by eminent domain. Before acquiring any land or interest in land by eminent domain the commissioner of administration shall obtain the approval of the governor. The governor shall consult with the Legislative Advisory Commission before granting approval. Recommendations of the Legislative Advisory Commission shall be advisory only. Failure or refusal of the commission to make a recommendation shall be deemed a negative recommendation.

Sec. 23. Minnesota Statutes 2014, section 86B.005, is amended by adding a subdivision to read:

Subd. 4a. **Enclosed accommodation compartment.** "Enclosed accommodation compartment" means one contiguous space, surrounded by boat structure that contains all of the following:

- (1) designated sleeping accommodations;
- (2) a galley area with sink; and
- (3) a head compartment.

Sec. 24. Minnesota Statutes 2014, section 86B.005, is amended by adding a subdivision to read:

Subd. 4b. **Enclosed occupancy compartment.** "Enclosed occupancy compartment" means one contiguous enclosed space surrounded by boat structure that may be occupied by a person.

Sec. 25. Minnesota Statutes 2014, section 86B.005, is amended by adding a subdivision to read:

Subd. 8a. **Marine carbon monoxide detection system.** "Marine carbon monoxide detection system" means a device or system that meets the requirements of the American Boat and Yacht Council Standard A-24, July, 2015, for carbon monoxide detection systems.

**Sec. 26. [86B.532] CARBON MONOXIDE DETECTION DEVICE REQUIREMENTS.**

Subdivision 1. **Requirements.** (a) No motorboat that has an enclosed accommodation compartment may be operated on any waters of the state unless the motorboat is equipped with a functioning marine carbon monoxide detection system installed according to the manufacturer's instructions.

(b) After the effective date of this section, no new motorboat that has an enclosed accommodation compartment may be sold or offered for sale in Minnesota unless the motorboat is equipped with a new functioning marine carbon monoxide detection system installed according to the manufacturer's instructions.

Subd. 2. **Boating safety courses.** All state-sponsored boating safety courses and all boating safety courses that require state approval by the commissioner must incorporate information about the dangers of being overcome by carbon monoxide poisoning while on or behind a motorboat and how to prevent that poisoning.

Subd. 3. **Carbon monoxide poisoning warning labels.** (a) No gasoline-powered motorboat that has an enclosed occupancy compartment may be operated on any waters of the state unless labels warning of carbon monoxide dangers are affixed in the vicinity of: the aft reboarding/stern area, the steering station, and in or at the entrance to any enclosed occupancy compartment.

(b) For a motorboat sold by a dealer, the dealer must ensure that specified warning labels have been affixed before completion of the transaction.

(c) Warning labels approved by the American Boat and Yacht Council, National Marine Manufacturers Association, or the commissioner satisfy the requirements of this section when installed as specified.

Subd. 4. **License agents; distribution.** The commissioner shall mail the information and labels to all owners of motorboats that are 19 feet and greater in length the first year. The commissioner must also provide license agents with informational brochures and warning labels about the dangers of carbon monoxide poisoning while boating. A license agent must make the brochure and labels available to motorboat owners and make efforts to inform new owners of the requirement. The

commissioner shall highlight the new requirements on the watercraft renewal reminder postcard for three consecutive three-year license cycles and in the Minnesota Boating Guide. The brochure must instruct motorboat owners to place the labels according to subdivision 3, and inform motorboat owners of carbon monoxide dangers of gasoline-powered generators.

**Subd. 5. Safety warning.** A first violation of this section shall not result in a penalty, but is punishable only by a safety warning. A second or subsequent violation is a petty misdemeanor.

**EFFECTIVE DATE.** This section is effective May 1, 2017.

**Sec. 27. [86B.841] TRANSFER-ON-DEATH TITLE TO WATERCRAFT.**

**Subdivision 1. Titled as transfer-on-death.** A natural person who is the owner of a watercraft may have the watercraft titled in transfer-on-death or TOD form by including in the application for the certificate of title a designation of a beneficiary or beneficiaries to whom the watercraft must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of secured parties.

**Subd. 2. Designation of beneficiary.** A watercraft is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective.

**Subd. 3. Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries have no interest in the watercraft until the death of the owner or the last survivor of joint owners with rights of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

**Subd. 4. Vesting of ownership in beneficiary.** Ownership of a watercraft titled in transfer-on-death form vests in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with rights of survivorship, subject to the rights of secured parties. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the watercraft upon submitting a certified death record of the owner of the watercraft. If no transfer-on-death beneficiary or beneficiaries survive the owner of a watercraft, the watercraft must be included in the probate estate of the deceased owner. A transfer of a watercraft to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

**Subd. 5. Rights of creditors.** (a) This section does not limit the rights of any secured party or creditor of the owner of a watercraft against a transfer-on-death beneficiary or beneficiaries.

(b) The state or a county agency with a claim or lien authorized by section 246.53, 256B.15, 261.04, or 270C.63, is a creditor for purposes of this subdivision. A claim or lien under those sections continues to apply against the designated beneficiary or beneficiaries after the transfer under this section if other assets of the deceased owner's estate are insufficient to pay the amount of the claim. The claim or lien continues to apply to the watercraft until the designated beneficiary sells or transfers it to a person against whom the claim or lien does not apply and who did not have actual notice or knowledge of the claim or lien.

Sec. 28. Minnesota Statutes 2014, section 88.01, is amended by adding a subdivision to read:

Subd. 28. **Prescribed burn.** "Prescribed burn" means a fire that is intentionally ignited, managed, and controlled by an entity meeting certification requirements established by the commissioner for the purpose of managing vegetation. A prescribed burn that has exceeded its prescribed boundaries and requires suppression action is considered a wildfire.

Sec. 29. Minnesota Statutes 2014, section 88.22, subdivision 1, is amended to read:

**Subdivision 1. Imposition of restrictions.** (a) **Road closure.** When the commissioner of natural resources shall determine that conditions conducive to wildfire hazards exist in the wildfire areas of the state and that the presence of persons in the wildlife areas tends to aggravate wildfire hazards, render forest trails impassable by driving thereon during wet seasons and hampers the effective enforcement of state timber trespass and game laws, the commissioner may by written order, close any road or trail leading into any land used for any conservation purposes, to all modes of travel except that considered essential such as residents traveling to and from their homes or in other cases to be determined by the authorized forest officers assigned to guard the area.

(b) **Burning ban.** The commissioner may also, upon such determination, by written order, suspend the issuance of permits for open fires or prescribed burns, revoke or suspend the operation of a permit previously issued and, to the extent the commissioner deems necessary, prohibit the building of all or some kinds of open fires or prescribed burns in all or any part of a wildfire area regardless of whether a permit is otherwise required; and the commissioner also may, by written order, prohibit smoking except at places of habitation or automobiles or other enclosed vehicles properly equipped with an efficient ash tray.

Sec. 30. Minnesota Statutes 2014, section 89.0385, is amended to read:

**89.0385 FOREST MANAGEMENT INVESTMENT ACCOUNT; COST CERTIFICATION.**

(a) The commissioner shall certify the total costs incurred for forest management, forest improvement, and road improvement on state-managed lands during each fiscal year. The commissioner shall distribute forest management receipts credited to various accounts according to this section.

(b) The amount of the certified costs incurred for forest management activities on state lands shall be transferred from the account where receipts are deposited to the forest management investment account in the natural resources fund, except for those costs certified under section 16A.125. Transfers may occur quarterly, based on quarterly cost and revenue reports, throughout the fiscal year, with final certification and reconciliation after each fiscal year. Transfers in a fiscal year cannot exceed receipts credited to the account.

(c) The amount of the certified costs incurred for forest management activities on nonstate lands managed under a good neighbor or joint powers agreement must be transferred from the account where receipts are deposited to the forest management investment account in the natural resources fund. Transfers for costs incurred may occur after projects or timber permits are finalized.

Sec. 31. Minnesota Statutes 2014, section 93.0015, subdivision 3, is amended to read:

Subd. 3. **Expiration.** The committee expires June 30, 2016 2026.

Sec. 32. Minnesota Statutes 2014, section 93.2236, is amended to read:

**93.2236 MINERALS MANAGEMENT ACCOUNT.**

(a) The minerals management account is created as an account in the natural resources fund. Interest earned on money in the account accrues to the account. Money in the account may be spent or distributed only as provided in paragraphs (b) and (c).

(b) If the balance in the minerals management account exceeds \$3,000,000 on March 31, June 30, September 30, or December 31, the amount exceeding \$3,000,000 must be distributed to the permanent school fund, the permanent university fund, and taxing districts as provided in section 93.22, subdivision 1, paragraph (c). The amount distributed to each fund must be in the same proportion as the total mineral lease revenue received in the previous biennium from school trust lands, university lands, and lands held by the state in trust for taxing districts.

(c) Subject to appropriation by the legislature, money in the minerals management account may be spent by the commissioner of natural resources for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

Sec. 33. Minnesota Statutes 2014, section 94.3495, subdivision 2, is amended to read:

Subd. 2. **Classes of land; definitions.** (a) The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, ~~except for:~~

- (i) ~~school trust land as defined in section 92.025, and~~
- (ii) ~~university land granted to the state by acts of Congress;~~

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

(b) "School trust land" has the meaning given in section 92.025.

(c) "University land" means land granted to the state by acts of Congress for university purposes.

Sec. 34. Minnesota Statutes 2014, section 94.3495, subdivision 3, is amended to read:

Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources, but the county board must approve the value determined for the Class 2 land, and the governmental subdivision of the state must approve the value determined for the Class 3 land. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies, but the governmental subdivision of the state must approve the value determined for the Class 3 land.

(b) To determine the value of the land, the parties to the exchange may either (1) cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker or (2) determine the value for each 40-acre tract or

lot, or a portion thereof, using the most current township or county assessment schedules for similar land types from the county assessor of the county in which the lands are located. Merchantable timber value must should be determined and considered in finalizing valuation of the lands.

(b) All (c) Except for school trust lands and university lands, the lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands, other than school trust lands or university lands, are of substantially equal value but are not of the same value.

(d) School trust lands and university lands exchanged under this section must be exchanged only for lands of equal or greater value.

Sec. 35. Minnesota Statutes 2014, section 94.3495, subdivision 7, is amended to read:

**Subd. 7. Reversionary interest; Mineral and water power rights and other reservations.** (a) All deeds conveying land given in an expedited land exchange under this section shall include a reverter that provides that title to the land automatically reverts to the conveying governmental unit if:

(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of the land within 40 years of the date of the deed conveying ownership; and

(2) there is no prior written approval for the transfer from the conveying governmental unit. The authority for granting approval is the commissioner of natural resources for former Class 1 land, the county board for former Class 2 land, and the governing body for former Class 3 land.

(b) Class 1 land given in exchange is subject to the reservation provisions of section 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation provisions of section 94.344, subdivision 4. County fee land given in exchange is subject to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

Sec. 36. Minnesota Statutes 2014, section 97A.075, subdivision 7, is amended to read:

**Subd. 7. Wolf licenses; account established.** (a) For purposes of this subdivision, "wolf license" means a license or permit issued under section 97A.475, subdivision 2, clause (20); 3, paragraph (a), clause (16); or 20, paragraph (b).

(b) A wolf management and monitoring account is created in the game and fish fund. Revenue from wolf licenses must be credited to the wolf management and monitoring account and is appropriated to the commissioner only for wolf management, research, damage control, enforcement, and education. Notwithstanding any other law to the contrary, money credited to the account may not be used to pay indirect costs or agency shared services.

Sec. 37. Minnesota Statutes 2014, section 97A.405, subdivision 2, is amended to read:

**Subd. 2. Personal possession.** (a) A person acting under a license or traveling from an area where a licensed activity was performed must have in personal possession either: (1) the proper license, if the license has been issued to and received by the person; (2) a driver's license or Minnesota identification card that bears a valid designation of the proper lifetime license, as provided under section 171.07, subdivision 19; or (2) (3) the proper license identification number

or stamp validation, if the license has been sold to the person by electronic means but the actual license has not been issued and received.

(b) If possession of a license or a license identification number is required, a person must exhibit, as requested by a conservation officer or peace officer, either: (1) the proper license if the license has been issued to and received by the person; (2) a driver's license or Minnesota identification card that bears a valid designation of the proper lifetime license, as provided under section 171.07, subdivision 19; or (2) (3) the proper license identification number or stamp validation and a valid state driver's license, state identification card, or other form of identification provided by the commissioner, if the license has been sold to the person by electronic means but the actual license has not been issued and received. A person charged with violating the license possession requirement shall not be convicted if the person produces in court or the office of the arresting officer, the actual license previously issued to that person, which was valid at the time of arrest, or satisfactory proof that at the time of the arrest the person was validly licensed. Upon request of a conservation officer or peace officer, a licensee shall write the licensee's name in the presence of the officer to determine the identity of the licensee.

(c) Except as provided in paragraph (a), clause (2), if the actual license has been issued and received, a receipt for license fees, a copy of a license, or evidence showing the issuance of a license, including the license identification number or stamp validation, does not entitle a licensee to exercise the rights or privileges conferred by a license.

(d) A license issued electronically and not immediately provided to the licensee shall be mailed to the licensee within 30 days of purchase of the license. A pictorial migratory waterfowl, pheasant, trout and salmon, or walleye stamp shall be provided to the licensee after purchase of a stamp validation only if the licensee pays an additional fee that covers the costs of producing and mailing a pictorial stamp. A pictorial turkey stamp may be purchased for a fee that covers the costs of producing and mailing the pictorial stamp. Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish fees for providing the pictorial stamps. The fees must be set in an amount that does not recover significantly more or less than the cost of producing and mailing the stamps. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

**EFFECTIVE DATE.** This section is effective January 1, 2018, or on the date the Department of Public Safety implements the Minnesota Licensing and Registration System (MNLARS), whichever occurs first.

Sec. 38. Minnesota Statutes 2014, section 97A.465, is amended by adding a subdivision to read:

**Subd. 8. Nonresident active members of National Guard.** A nonresident that is an active member of the state's National Guard may obtain a resident license to take fish or game. This subdivision does not apply to the taking of moose or elk.

Sec. 39. Minnesota Statutes 2014, section 171.07, is amended by adding a subdivision to read:

**Subd. 19. Resident lifetime game and fish license.** (a) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a resident lifetime license under section 97A.473. The records transmitted from the Department of Natural Resources must contain:

(1) the full name and date of birth as required for the driver's license or identification card;

- (2) the person's driver's license or identification card number;
- (3) the category of lifetime license issued under section 97A.473; and
- (4) the Department of Natural Resources customer identification number.

(b) The department may delete records described in paragraph (a) if they have not been matched to a driver's license or identification card record within seven years after transmission to the department.

(c) Except as provided in paragraph (b), the department shall include, on all drivers' licenses or Minnesota identification cards issued to a person who holds a lifetime license, a graphic or written designation of the lifetime license, and the category of the lifetime license.

(d) If a person with a lifetime license under section 97A.473 applies for a driver's license or Minnesota identification card before that information has been transmitted to the department, the department may accept a copy of the license issued under section 97A.473 as proof of its issuance and shall then follow the procedures in paragraph (c).

**EFFECTIVE DATE.** This section is effective January 1, 2018, or on the date the Department of Public Safety implements the Minnesota Licensing and Registration System (MNLARS), whichever occurs first.

Sec. 40. Laws 2014, chapter 312, article 12, section 6, subdivision 5, as amended by Laws 2015, First Special Session chapter 4, article 3, section 11, is amended to read:

**Subd. 5. Fish and Wildlife**

**Management**

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2,412,000

\$3,000 in 2015 is from the heritage enhancement account in the game and fish fund for a report on aquatic plant management permitting policies for the management of narrow-leaved and hybrid cattail in a range of basin types across the state. The report shall be submitted to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources by December 15, 2014, and include recommendations for any necessary changes in statutes, rules, or permitting procedures. This is a onetime appropriation.

\$9,000 in 2015 is from the game and fish fund for the commissioner, in consultation with interested parties, agencies, and other states, to develop a detailed restoration plan to recover the historical native population of bobwhite quail in Minnesota for its ecological and recreational benefits to the citizens of the

state. The commissioner shall conduct public meetings in developing the plan. No later than January 15, 2015, the commissioner must report on the plan's progress to the legislative committees with jurisdiction over environment and natural resources policy and finance. This is a onetime appropriation.

\$2,000,000 in 2015 is from the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10. The commissioner may spend up to \$50,000 of this appropriation to administer the grant. This is a onetime appropriation and is available until June 30, 2017.

\$400,000 in 2015 is from the heritage enhancement account in the game and fish fund for hunter and angler recruitment and retention activities and grants to local chapters of Let's Go Fishing of Minnesota to provide community outreach to senior citizens, youth, and veterans and for the costs associated with establishing and recruiting new chapters. The grants must be matched with cash or in-kind contributions from nonstate sources. Of this amount, \$25,000 is for Asian ~~Outdoor~~ Heritage for youth fishing recruitment efforts and outreach in the metropolitan area. The commissioner shall establish a grant application process that includes a standard for ownership of equipment purchased under the grant program and contract requirements that cover the disposition of purchased equipment if the grantee no longer exists. Any equipment purchased with state grant money must be specified on the grant application and approved by the commissioner. The commissioner may spend up to three percent of the appropriation to administer the grant. This is a onetime appropriation and is available until June 30, 2016 2017.

Sec. 41. Laws 2015, First Special Session chapter 4, article 3, section 3, subdivision 2, is amended to read:

Subd. 2. <b>Land and Mineral Resources Management</b>	6,461,000	5,521,000
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## Appropriations by Fund

	2016	2017
General	1,585,000	1,585,000
Natural Resources	3,332,000	3,392,000
Game and Fish	344,000	344,000
Remediation	1,000,000	-0-
Permanent School	200,000	200,000

\$68,000 the first year and \$68,000 the second year are for minerals cooperative environmental research, of which \$34,000 the first year and \$34,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$251,000 the first year and \$251,000 the second year are for iron ore cooperative research. Of this amount, \$200,000 each year is from the minerals management account in the natural resources fund. \$175,000 the first year and \$175,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance from the first year does not cancel and is available in the second year.

\$2,755,000 the first year and \$2,815,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral resource opportunities.

\$200,000 the first year and \$200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for

securing long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

Notwithstanding Minnesota Statutes, section 115B.20, \$1,000,000 the first year is from the dedicated account within the remediation fund for the purposes of Minnesota Statutes, section 115B.20, subdivision 2, clause (4), to acquire salt lands as described under Minnesota Statutes, section 92.05, within Bear Head Lake State Park. This is a onetime appropriation and is available until June 30, 2018.

Sec. 42. Laws 2015, First Special Session chapter 4, article 3, section 3, subdivision 5, is amended to read:

<b>Subd. 5. Parks and Trails Management</b>	74,064,000	73,650,000
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**Appropriations by Fund**

	2016	2017
General	24,967,000	24,427,000
Natural Resources	46,831,000	46,950,000
Game and Fish	2,266,000	2,273,000

\$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water access facilities.

\$5,740,000 the first year and \$5,740,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$1,005,000 the first year and \$1,005,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94,

paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Up to 2.5 percent of this appropriation may be used to administer the grants.

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,360,000 the first year and \$1,360,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,210,000 each year is from the all-terrain vehicle account; and \$150,000 each year is from the off-highway motorcycle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$75,000 the first year and \$75,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.

\$250,000 the first year and \$250,000 the second year are from the state land and water conservation account (LAWCON) in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$968,000 the first year and \$968,000 the second year are from the off-road vehicle account in the natural resources fund. Of this amount, \$568,000 each year is for parks and trails management for off-road vehicle

purposes; \$325,000 each year is for the off-road vehicle grant in aid program; and \$75,000 each year is for a new full-time employee position or contract in northern Minnesota to work in conjunction with the Minnesota Four-Wheel Drive Association to address off-road vehicle touring routes and other issues related to off-road vehicle activities. Of this appropriation, the \$325,000 each year is onetime.

\$65,000 the first year is from the water recreation account in the natural resources fund to cooperate with local units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and is available until June 30, 2019.

\$190,000 the first year is for a grant to the city of Virginia for the additional cost of supporting a trail due to the rerouting of U.S. Highway No. 53. This is a onetime appropriation and is available until June 30, 2019.

\$50,000 the first year is for development of a master plan for the Mississippi Blufflands Trail, including work on possible extensions or connections to other state or regional trails. This is a onetime appropriation that is available until June 30, 2017.

\$61,000 from the natural resources fund the first year is for a grant to the city of East Grand Forks for payment under a reciprocity agreement for the Red River State Recreation Area.

\$500,000 the first year is for restoration or replacement of a historic trestle bridge in Blackduck. This is a onetime appropriation and is available until June 30, 2019.

The base for parks and trails operations in the natural resources fund in fiscal year 2018 and thereafter is \$46,450,000.

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

Sec. 43. Laws 2015, First Special Session chapter 4, article 4, section 131, is amended to read:

**Sec. 131. SURPLUS STATE LAND SALES.**

The school trust lands director shall identify, in consultation with the commissioner of natural resources, at least \$5,000,000 in state-owned lands suitable for sale or exchange with school trust lands. The lands identified shall not be within a unit of the outdoor recreation system under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The commissioner shall sell or exchange at least \$3,000,000 worth of lands identified under this section by June 30, 2017. Land exchanged under this section may be exchanged in accordance with Minnesota Statutes, section 94.3495. The value of the surplus land exchanged shall serve as compensation to the permanent school fund as provided under Minnesota Statutes, section 84.027, subdivision 18, paragraph (b). Notwithstanding the restrictions on sale of riparian land and the public sale provisions under Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner may offer the surplus land, including land bordering public water, for public or private sale. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or any other law to the contrary, the amount an amount equal to 90 percent of the proceeds from the sale of lands that exceeds the actual expenses of selling the lands must be deposited in the school trust lands account and used to extinguish the school trust interest as provided under Minnesota Statutes, section 92.83, on school trust lands that have public water access sites or old growth forests located on them. Notwithstanding Minnesota Statutes, section 92.83, the remaining ten percent of the proceeds must be used to fund transactional and legal work associated with the Boundary Waters Canoe Area Wilderness land exchange and sale projects under Minnesota Statutes, sections 92.80 and 92.82.

**Sec. 44. COLD SPRING WATER APPROPRIATION PERMITS; REPORT.**

(a) The commissioner of natural resources shall amend the city of Cold Spring's water appropriation permit to allow an increase in the city's water withdrawal of 100 million gallons per year from city wells 4, 5, and 6, provided a combined reduction of ten million gallons per year is made from city well 3 or water appropriations under any permits held by brewing companies in the Cold Spring Creek area. The city and any other permit holder with permit modifications made under this section must comply with all existing reporting requirements and demonstrate that increased pumping does not result in violations of the Safe Drinking Water Act. The increases under this section are available on an interim basis, not to exceed five years, to allow the city to establish a long-term water supply solution for the city and area businesses.

(b) The commissioner must conduct necessary monitoring of stream flow and water levels and develop a groundwater model to determine the amount of water that can be sustainably pumped in the area of Cold Spring Creek for area businesses, agriculture, and city needs. Beginning July 1, 2017, the commissioner must submit an annual progress report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources. The commissioner must submit a final report by January 15, 2022.

**Sec. 45. MARINE CARBON MONOXIDE DETECTORS; REPORT.**

The commissioner of natural resources shall submit a report to the legislature by November 1, 2017. The report must outline any issues encountered relating to implementation of Minnesota Statutes, section 86B.532, any changes to marine manufacturing industry standards relating to carbon monoxide, the availability of plug-in or battery-powered marine certified carbon monoxide

detectors, and best practices in preventing carbon monoxide poisoning relating to motorboat operation, including the feasibility of requiring carbon monoxide detectors that are more sensitive in measuring carbon monoxide than required in this act.

**Sec. 46. PREScribed BURN REQUIREMENTS; REPORT.**

The commissioner of natural resources, in cooperation with prescribed burning professionals, nongovernmental organizations, and local and federal governments, must develop criteria for certifying an entity to conduct a prescribed burn under a general permit. The certification requirements must include training, equipment, and experience requirements and include an apprentice program to allow entities without experience to become certified. The commissioner must establish provisions for decertifying entities. The commissioner must not require additional certification or requirements for burns conducted as part of normal agricultural practices not currently subject to prescribed burn specifications. The commissioner must submit a report with recommendations and any legislative changes needed to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources by January 15, 2017.

**Sec. 47. SAND DUNES STATE FOREST; REPORT.**

(a) Until July 1, 2017, the commissioner of natural resources shall not log, enter into a logging contract, or otherwise remove trees for purposes of creating oak savanna in the Sand Dunes State Forest. This paragraph does not prohibit work done under contracts entered into before the effective date of this section or work on school trust lands.

(b) By January 15, 2017, the commissioner must submit a report, prepared by the Division of Forestry, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources with the Division of Forestry's progress on collaborating with local citizens and other stakeholders over the past year when making decisions that impact the landscape, including forest conversions and other clear-cutting activities, and the division's progress on other citizen engagement activities.

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

**Sec. 48. LAKE SERVICE PROVIDER FEASIBILITY REPORT.**

The commissioner of natural resources shall report to the chairs of the house of representatives and senate committees with jurisdiction over natural resources by January 15, 2019, regarding the feasibility of expanding permitting to service providers as described in Minnesota Statutes, section 84D.108, subdivision 2a, to other water bodies in the state. The report must:

- (1) include recommendations for state and local resources needed to implement the program;
- (2) assess local government inspection roles under Minnesota Statutes, section 84D.105, subdivision 2, paragraph (g); and
- (3) assess whether mechanisms to ensure that water-related equipment placed back into the same body of water from which it was removed can adequately protect other water bodies.

**Sec. 49. WORKERS' COMPENSATION FOR VOLUNTEERS; REPORT.**

By January 15, 2017, the commissioner of natural resources, in coordination with the commissioner of labor and industry and the Workers' Compensation Advisory Council, shall

make recommendations to the chairs of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources on how to clarify the state's liability for workers' compensation in relation to volunteers of nonprofit organizations assisting with providing public services on lands administered by the commissioner of natural resources subject to Minnesota Statutes, section 175.007, subdivision 2.

**Sec. 50. AGGREGATE RESOURCES TASK FORCE.**

Subdivision 1. Creation; membership. (a) The Aggregate Resources Task Force consists of eight members appointed as follows:

(1) the speaker of the house shall appoint four members of the house of representatives to include two members of the majority party and two members of the minority party, with one member being the chair of the committee with jurisdiction over aggregate mining; and

(2) the senate Subcommittee on Committees of the Committee on Rules and Administration shall appoint four members of the senate to include two members of the majority party and two members of the minority party, with one member being the chair of the committee or division with jurisdiction over natural resources finance.

(b) The appointing authorities must make their respective appointments no later than July 15, 2016.

(c) The first meeting of the task force must be convened by the chairs of the house of representatives and senate committees specified in paragraph (a) who will serve as cochairs of the task force.

Subd. 2. Duties. The task force must study and provide recommendations on:

(1) the Department of Natural Resources' and Metropolitan Council's aggregate mapping progress and needs;

(2) the effectiveness of recent aggregate tax legislation and the use of the revenues collected by counties;

(3) the use of state funds to preserve aggregate reserves; and

(4) local land use and permitting issues, environmental review requirements, and the impacts of other state regulations on aggregate reserves.

Subd. 3. Report. No later than January 15, 2018, the task force shall submit a report to the chairs of the house of representatives and senate committees and divisions with jurisdiction over aggregate mining and natural resources finance containing the findings of the study.

Subd. 4. Expiration. The Aggregate Resources Task Force expires 45 days after the report and recommendations are delivered to the legislature or on June 30, 2018, whichever date is earlier.

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

**Sec. 51. APPROPRIATION REALLOCATION.**

Notwithstanding Laws 2013, chapter 137, article 3, section 4, paragraph (o), and Laws 2015, First Special Session chapter 2, article 3, section 4, paragraph (b), the Minneapolis Park and Recreation Board may allocate its share of the distribution of fiscal years 2016 and 2017 funds under

Minnesota Statutes, section 85.53, subdivision 3, to the Minneapolis Chain of Lakes, Mississippi Gorge, Above the Falls, and Central Mississippi Riverfront Regional Parks in accordance with the most recent priority rankings that the Minneapolis Park and Recreation Board has submitted to the Metropolitan Council. This reallocation of funds is anticipated to result in \$500,000 in federal funds to match extant parks and trails fund appropriations.

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

## Sec. 52. CITATION.

Sections 23, 24, 25, 26, and 45 may be known and cited as "Sophia's Law."

### Sec. 53. REPEALER.

Minnesota Statutes 2014, section 116P.13, is repealed.

**EFFECTIVE DATE.** This section is effective July 1, 2018, and any funds remaining in the Minnesota future resources fund on July 1, 2018, are transferred to the general fund.

ARTICLE 4

## PUBLIC SAFETY AND CORRECTIONS

## **Section 1. APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are added to the appropriations in Laws 2015, chapter 65, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Supplemental appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2016</u>	<u>2017</u>
Sec. 2. SUPREME COURT	\$ -0-	\$ 1,000,000

For a competitive grant prog

\$ -0- \$ 1,000,000

## APPROPRIATIONS

### Available for the Year

**Available for the Year**  
**Ending June 30**

Ending June 30  
2016

2016

For a competitive grant prog

\$ -0- \$ 1,000,000

For a competitive grant prog

For a competitive grant program established by the chief justice for the distribution of safe and secure courthouse fund grants to government entities responsible for providing or maintaining a courthouse or other facility where court proceedings are held. Grant recipients must provide a 50 percent nonstate match. This is a onetime appropriation and is available until June 30, 2019.

**Sec. 3. DISTRICT COURTS**      **\$**      **-0-** **\$**      **1,547,000**

To increase the juror per diem to \$20 and the juror mileage reimbursement rate to 54 cents per mile.

**Sec. 4. GUARDIAN AD LITEM BOARD**      \$      **-0-**    \$      **878,000**

To hire additional guardians ad litem to comply with federal and state mandates, and court orders for representing the best interests of children in juvenile and family court proceedings.

For a St. Cloud office.

**Sec. 6. CORRECTIONS**

The amounts that may be spent for each

purpose are specified in the following subdivisions.

Subd. 2. Correctional Institutions 4,057,000 10,671,000

#### (a) Employee Compensation

\$1,427,000 in fiscal year 2016 and \$7,512,000 in fiscal year 2017 are for employee compensation.

**(b) Challenge Incarceration Expansion**

\$2,610,000 in fiscal year 2016 and \$2,757,000 in fiscal year 2017 are to increase capacity in the challenge incarceration program. The base for this activity is \$3,263,000 in fiscal year 2018 and \$3,623,000 in fiscal year 2019.

**(c) 24-Hour Nursing**

\$375,000 in fiscal year 2017 is for 24-hour nursing coverage seven days a week at MCF-Shakopee.

**Subd. 3. Community Services** 241,000 2,566,000

#### (a) Employee Compensation

\$241,000 in fiscal year 2016 and \$860,000 in fiscal year 2017 are for employee compensation.

**(b) Challenge Incarceration Expansion**

\$406,000 in fiscal year 2017 is to increase capacity in the challenge incarceration program.

**(c) Reentry and Halfway Houses**

\$300,000 in fiscal year 2017 is for grants to counties or groups of counties for reentry and halfway house services. Eligible programs must be proven to reduce recidivism. Grant recipients must provide a 50 percent nonstate match.

**(d) High-Risk Revocation Reduction Program**

\$1,000,000 in fiscal year 2017 is to establish a high-risk revocation reduction program in the metropolitan area. The program shall provide sustained case planning, housing assistance, employment assistance, group mentoring, life skills programming, and transportation assistance to adult release violators who are being released from prison.

**Subd. 4. Operations Support**

63,000                    2,189,000

**(a) Employee Compensation**

\$63,000 in fiscal year 2016 and \$339,000 in fiscal year 2017 are for employee compensation.

**(b) Information Technology Critical Updates**

\$1,850,000 in fiscal year 2017 is for information technology upgrades and staffing. This is a onetime appropriation.

<b>Sec. 7. PUBLIC SAFETY</b>	<b>\$</b>	<b>-0- \$</b>	<b><u>6,100,000</u></b>
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**Appropriations by Fund**

<u>General</u>	<u>-0-</u>	<u>1,600,000</u>
<u>Trunk Highway</u>	<u>-0-</u>	<u>4,500,000</u>

The amounts that may be spent for each purpose are specified in the following paragraphs.

**(a) DNA Laboratory**

\$630,000 is for the Bureau of Criminal Apprehension DNA laboratory, including the addition of six forensic scientists. The base for this activity is \$1,000,000 in each of the fiscal years 2018 and 2019 for eight forensic scientists.

**(b) Children In Need of Services or in Out-Of-Home Placement**

\$150,000 is for a grant to an organization that provides legal representation to children in need of protection or services and children in out-of-home placement. The grant is contingent upon a match in an equal amount from nonstate funds. The match may be in kind, including the value of volunteer attorney time, or in cash, or in a combination of the two.

**(c) Sex Trafficking**

\$820,000 is for grants to state and local units of government for the following purposes:

(1) to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

(2) to provide technical assistance for sex trafficking crimes, including training and case consultation, to law enforcement agencies statewide.

**(d) State Patrol**

\$4,500,000 is from the trunk highway fund to recruit, hire, train, and equip a State Patrol Academy. This amount is added to the appropriation in Laws 2015, chapter 75, article 1, section 5, subdivision 3. The base appropriation from the trunk highway fund for patrolling highways in each of fiscal years 2018 and 2019 is \$87,492,000, which

includes \$4,500,000 each year for a State Patrol Academy.

Sec. 8. Minnesota Statutes 2014, section 171.07, subdivision 6, is amended to read:

Subd. 6. **Medical alert identifier.** Upon the written request of the applicant, the department shall issue a driver's license or Minnesota identification card bearing a graphic or written medical alert identifier. The applicant must request the medical alert identifier at the time the photograph or electronically produced image is taken. No specific medical information will be contained on the driver's license or Minnesota identification card.

Sec. 9. Minnesota Statutes 2014, section 171.07, subdivision 7, is amended to read:

Subd. 7. **Living Will/Health Care Directive designation.** (a) At the written request of the applicant and on payment of the required fee, the department shall issue, renew, or reissue a driver's license or Minnesota identification card bearing the graphic or written designation of a "Living Will/Health Care Directive" or an abbreviation thereof. The designation does not constitute delivery of a health care declaration under section 145B.05.

(b) On payment of the required fee, the department shall issue a replacement or renewal license or identification card without the designation if requested by the applicant.

(c) This subdivision does not impose any additional duty on a health care provider, as defined in section 145B.02, subdivision 6, or 145C.01, subdivision 6, beyond the duties imposed in chapter 145B or 145C.

(d) For the purposes of this subdivision:

(1) "living will" means a declaration made under section 145B.03; and

(2) "health care directive" means a durable power of attorney for health care under section 145C.02, or any other written advance health care directive of the applicant that is authorized by statute or not prohibited by law.

Sec. 10. Minnesota Statutes 2014, section 171.07, subdivision 15, is amended to read:

Subd. 15. **Veteran designation.** (a) At the request of an eligible applicant and on payment of the required fee, the department shall issue, renew, or reissue to the applicant a driver's license or Minnesota identification card bearing a graphic or written designation of:

(1) "Veteran"; or

(2) "Veteran 100% T&P."

(b) At the time of the initial application for the designation provided under this subdivision, the applicant must:

(1) be a veteran, as defined in section 197.447;

(2) have a certified copy of the veteran's discharge papers; and

(3) if the applicant is seeking the disability designation under paragraph (a), clause (2), provide satisfactory evidence of a 100 percent total and permanent service-connected disability as determined by the United States Department of Veterans Affairs.

(c) The commissioner of public safety is required to issue drivers' licenses and Minnesota identification cards with the veteran designation only after entering a new contract or in coordination with producing a new card design with modifications made as required by law.

Sec. 11. Minnesota Statutes 2014, section 243.166, subdivision 1b, is amended to read:

**Subd. 1b. Registration required.** (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate, or aiding, abetting, or conspiracy to commit, any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) murder under section 609.185, paragraph (a), clause (2);

(ii) kidnapping under section 609.25;

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3; or 609.3453; or

(iv) indecent exposure under section 617.23, subdivision 3;

(2) the person was charged with or petitioned for a violation of, or attempt to violate, or aiding, abetting, or conspiring to commit criminal abuse in violation of section 609.2325, subdivision 1, paragraph (b); false imprisonment in violation of section 609.255, subdivision 2; solicitation, inducement, or promotion of the prostitution of a minor or engaging in the sex trafficking of a minor in violation of section 609.322; a prostitution offense involving a minor under the age of 13 years in violation of section 609.324, subdivision 1, paragraph (a); soliciting a minor to engage in sexual conduct in violation of section 609.352, subdivision 2 or 2a, clause (1); using a minor in a sexual performance in violation of section 617.246; or possessing pornographic work involving a minor in violation of section 617.247, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(3) the person was sentenced as a patterned sex offender under section 609.3455, subdivision 3a; or

(4) the person was charged with or petitioned for, including pursuant to a court martial, violating a law of the United States, including the Uniform Code of Military Justice, similar to the offenses described in clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances.

(b) A person also shall register under this section if:

(1) the person was charged with or petitioned for an offense in another state that would be a violation of a law described in paragraph (a) if committed in this state and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(2) the person enters this state to reside, work, or attend school, or enters this state and remains for 14 days or longer; and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration, unless the person is subject to a longer registration period under the laws

of another state in which the person has been convicted or adjudicated, or is subject to lifetime registration.

If a person described in this paragraph is subject to a longer registration period in another state or is subject to lifetime registration, the person shall register for that time period regardless of when the person was released from confinement, convicted, or adjudicated delinquent.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or the United States, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or the United States;

(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or the United States.

**EFFECTIVE DATE.** This section is effective August 1, 2016, and applies to crimes committed on or after that date.

Sec. 12. **[325E.041] SENSORY TESTING RESEARCH.**

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given:

(1) "sensory testing firm" means a business that tests consumer reaction to physical aspects of products for a third-party client;

(2) "trained sensory assessors" means members of the public at least 21 years of age selected by sensory testing firms and trained for a minimum of one hour to test products;

(3) "sensory testing facility" means a facility specifically designed as a controlled environment for testing; and

(4) "department" means the Department of Public Safety.

Subd. 2. Allowed activities. Notwithstanding any law to the contrary, a sensory testing firm may possess and may purchase alcohol at retail or wholesale, and may allow consumption of that alcohol, by trained sensory assessors for testing purposes at their facility, provided that:

(1) the firm must comply with section 340A.409 and all other state laws that do not conflict with this section;

(2) firms choosing to serve alcohol must be licensed by the department, which may assess a fee sufficient to cover costs; and

(3) records of testing protocols must be retained by the firm for at least one year.

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

Sec. 13. Minnesota Statutes 2014, section 484.90, subdivision 6, is amended to read:

Subd. 6. **Allocation.** (a) In all cases prosecuted in district court by an attorney for a municipality or other subdivision of government within the county for violations of state statute, or of an ordinance; or charter provision, rule, or regulation of a city; all fines, penalties, and forfeitures collected shall be deposited in the state treasury and distributed according to this paragraph. For the purpose of this section, the county attorney shall be considered the attorney for any town in which a violation occurs. Except where a different disposition is provided by section 299D.03, subdivision 5, 484.841, 484.85, or other law, on or before the last day of each month, the courts shall pay over all fines, penalties, and forfeitures collected by the court administrator during the previous month as follows:

- (1) 100 percent of all fines or penalties for parking violations for which complaints and warrants have not been issued to the treasurer of the city or town in which the offense was committed; and
- (2) two-thirds of all other fines to the treasurer of the city or town in which the offense was committed and one-third credited to the state general fund.

All other fines, penalties, and forfeitures collected by the court administrator shall be distributed by the courts as provided by law.

(b) Fines, penalties, and forfeitures shall be distributed as provided in paragraph (a) when:

- (1) a city contracts with the county attorney for prosecutorial services under section 484.87, subdivision 3;
- (2) a city has a population of 600 or less and has given the duty to prosecute cases to the county attorney under section 484.87; or
- (3) the attorney general provides assistance to the county attorney as permitted by law.

Sec. 14. **[609.2233] FELONY ASSAULT MOTIVATED BY BIAS; INCREASED STATUTORY MAXIMUM SENTENCE.**

A person who violates section 609.221, 609.222, or 609.223 because of the victim's or another person's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin is subject to a statutory maximum penalty of 25 percent longer than the maximum penalty otherwise applicable.

**EFFECTIVE DATE.** This section is effective August 1, 2016, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2015 Supplement, section 609.324, subdivision 1, is amended to read:

Subdivision 1. **Engaging in, hiring, or agreeing to hire minor to engage in prostitution; penalties.** (a) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$40,000, or both:

- (1) engages in prostitution with an individual under the age of 13 years; or

(2) hires or offers or agrees to hire an individual under the age of 13 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of 13 years to engage in sexual penetration or sexual contact.

(b) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both:

(1) engages in prostitution with an individual under the age of 16 years but at least 13 years; or

(2) hires or offers or agrees to hire an individual under the age of 16 years but at least 13 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of 16 years but at least 13 years to engage in sexual penetration or sexual contact.

(c) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both:

(1) engages in prostitution with an individual under the age of 18 years but at least 16 years;

(2) hires or offers or agrees to hire an individual under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact.

**EFFECTIVE DATE.** This section is effective August 1, 2016, and applies to crimes committed on or after that date.

Sec. 16. Laws 2015, chapter 65, article 1, section 18, is amended to read:

**Sec. 18. AVIAN INFLUENZA AND  
AGRICULTURAL EMERGENCY RESPONSE.**

Notwithstanding Minnesota Statutes, section 12.221, subdivision 6, ~~for fiscal years 2016 and 2017 through June 30, 2019,~~ only, the disaster contingency account, under Minnesota Statutes, section 12.221, subdivision 6, may be used to pay for costs of eligible avian influenza emergency response activities for avian influenza and any agricultural emergency. By January 15, 2018, and again by January 15, 2020, the commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Committee on Ways and Means on any amount used

for avian influenza the purposes authorized under this section.

**Sec. 17. ST. CLOUD STATE UNIVERSITY; SPECIAL LICENSE.**

Notwithstanding any other law, local ordinance, or charter provision to the contrary, the city of St. Cloud may issue an on-sale wine and malt liquor intoxicating liquor license to St. Cloud State University. A license authorized by this section may be issued for space that is not compact and contiguous, provided that all the space is within the boundaries of the campus of St. Cloud State University and is included in the description of the licensed premises on the approved license application. The license under this section authorizes sales on all days of the week to persons attending events at Herb Brooks National Hockey Center, subject to the hours and days of sale restrictions in Minnesota Statutes, and any reasonable license conditions or restrictions imposed by the licensing authority. All other provisions of Minnesota Statutes not inconsistent with this section apply to the license authorized under this section.

**EFFECTIVE DATE.** This section is effective upon approval by the St. Cloud City Council in the manner provided by Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 18. INDIASFEST; SPECIAL LICENSE.**

Notwithstanding any other law, local ordinance, or charter provision to the contrary, the city of St. Paul may issue a temporary on-sale intoxicating liquor license to the India Association of Minnesota, a nonprofit 501(c)(3) organization, for Indiasfest on the grounds of the State Capitol. The license may authorize only the sale of intoxicating malt liquor and wine. All provisions of Minnesota Statutes not inconsistent with this section apply to the license authorized by this section.

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

**Sec. 19. MAJOR LEAGUE SOCCER STADIUM; SPECIAL LICENSE.**

Notwithstanding any other law, local ordinance, or charter provision to the contrary, the city of St. Paul may issue an on-sale intoxicating liquor license to the operator of the Major League Soccer stadium located in the city of St. Paul or to entities affiliated with it for operation of food and beverage concessions at the stadium. The license may authorize sales both to persons attending any and all events, and sales in a restaurant, bar, or banquet facility at the stadium. The license authorizes sales on all days of the week. All provisions of Minnesota Statutes not inconsistent with this section apply to the license under this section. The license may be issued for a space that is not compact and contiguous, provided that the licensed premises may include only the space within the stadium or on stadium premises or grounds, as described in the approved license application.

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

**Sec. 20. JANEVILLE; SPECIAL LICENSE.**

Notwithstanding any law or ordinance to the contrary, the city of Janesville may issue an on-sale intoxicating liquor license for the Prairie Ridge Golf Club that is located at 2000 North Main Street and is owned by the city. The provisions of Minnesota Statutes not inconsistent with this section apply to the license issued under this section. The city of Janesville is deemed the

licensee under this section, and the relevant provisions of Minnesota Statutes apply to the licensee as if the establishment were a municipal liquor store.

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

**Sec. 21. CITY OF MINNEAPOLIS; SPECIAL LICENSE.**

The city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant located at 5000 Hiawatha Avenue, notwithstanding any law or local ordinance or charter provision to the contrary.

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

**Sec. 22. REPEALER.**

Special Laws 1891, chapter 57, chapter XII, section 5, is repealed.

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

## ARTICLE 5

### BROADBAND DEVELOPMENT

Section 1. <b>DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT</b>	\$	<b>-0-</b>	<b>\$</b>	<b>35,000,000</b>
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**Border-To-Border Broadband Development Program.** (a) \$35,000,000 in fiscal year 2017 is from the general fund for deposit in the border-to-border broadband fund account under Minnesota Statutes, section 116J.396, to award grants under that section. Of this appropriation, no more than \$5,000,000 may be used for grants to underserved areas. Of this appropriation, up to \$1,000,000 may be used for administrative costs, including mapping. This is a onetime appropriation.

(b) \$500,000 may be awarded to projects that propose to expand the availability and adoption of broadband service to areas that contain a significant proportion of low-income households. For the purposes of this paragraph, "low-income households" means households whose household income is less than or equal to 200 percent of the most recent calculation of the United States federal poverty guidelines published by the United

States Department of Health and Human Services, adjusted for family size.

(c) If grant awards in any area are insufficient to fully expend the funds available for that area, the commissioner may reallocate unexpended funds to other areas.

Sec. 2. Minnesota Statutes 2015 Supplement, section 116J.394, is amended to read:

**116J.394 DEFINITIONS.**

(a) For the purposes of sections 116J.394 to ~~116J.396~~ 116J.398, the following terms have the meanings given them.

(b) "Broadband" or "broadband service" has the meaning given in section 116J.39, subdivision 1, paragraph (b).

(c) "Broadband infrastructure" means networks of deployed telecommunications equipment and technologies necessary to provide high-speed Internet access and other advanced telecommunications services for end users.

(d) "Commissioner" means the commissioner of employment and economic development.

(e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg connecting the broadband service provider's network to the end-use customer's on-premises telecommunications equipment.

(f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last-mile infrastructure.

(g) "Political subdivision" means any county, city, town, school district, special district or other political subdivision, or public corporation.

(h) "Underserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet the state broadband goals of ~~ten to 20 at least 100 megabits per second download and five to ten at least 20 megabits per second upload~~.

(i) "Unserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service, as defined in section 116J.39.

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

Sec. 3. Minnesota Statutes 2014, section 116J.395, subdivision 4, is amended to read:

Subd. 4. **Application process.** (a) An eligible applicant must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner shall develop administrative procedures governing the application and grant award process. The commissioner shall act as fiscal agent for the grant program and shall be responsible for receiving and reviewing grant applications and awarding grants under this section.

(b) At least 30 days prior to the first day applications may be submitted each fiscal year, the commissioner must publish on the department's Web site the specific criteria and any quantitative

weighting scheme or scoring system the commissioner will use to evaluate or rank applications and award grants under subdivision 6.

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

Sec. 4. Minnesota Statutes 2014, section 116J.395, subdivision 5, is amended to read:

Subd. 5. **Application contents.** An applicant for a grant under this section shall provide the following information on the application:

- (1) the location of the project;
- (2) the kind and amount of broadband infrastructure to be purchased for the project;
- (3) evidence regarding the unserved or underserved nature of the community in which the project is to be located;
- (4) the number of households passed that will have access to broadband service as a result of the project, or whose broadband service will be upgraded as a result of the project;
- (5) significant community institutions that will benefit from the proposed project;
- (6) evidence of community support for the project;
- (7) the total cost of the project;
- (8) sources of funding or in-kind contributions for the project that will supplement any grant award; and
- (9) evidence that no later than six weeks before submission of the application the applicant contacted, in writing, all entities providing broadband service in the proposed project area to ask for each broadband service provider's plan to upgrade broadband service in the project area to speeds that meet or exceed the state's broadband speed goals in section 237.012, subdivision 1, within the time frame specified in the proposed grant activities;
- (10) the broadband service providers' written responses to the inquiry made under clause (9); and
- (11) any additional information requested by the commissioner.

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

Sec. 5. Minnesota Statutes 2014, section 116J.395, is amended by adding a subdivision to read:

Subd. 5a. **Challenge process.** (a) Within three days of the close of the grant application process, the office shall publish on its Web site the proposed geographic broadband service area and the proposed broadband service speeds for each application submitted.

(b) An existing broadband service provider in or proximate to the proposed project area may, within 30 days of publication of the information under paragraph (a), submit in writing to the commissioner a challenge to an application. A challenge must contain information demonstrating that:

(1) the provider currently provides or has begun construction to provide broadband service to the proposed project area at speeds equal to or greater than the state speed goal contained in section 237.012, subdivision 1; or

(2) the provider commits to complete construction of broadband infrastructure and provide broadband service in the proposed project area at speeds equal to or greater than the state speed goal contained in section 237.012, subdivision 1, no later than 18 months after the date grant awards are made under this section for the grant cycle under which the application was submitted.

(c) The commissioner must evaluate the information submitted in a provider's challenge under this section, and is prohibited from funding a project if the commissioner determines that the provider's commitment to provide broadband service that meets the requirements of paragraph (b) in the proposed project area is credible.

(d) If the commissioner denies funding to an applicant as a result of a broadband service provider's challenge made under this section, and the broadband service provider does not fulfill the provider's commitment to provide broadband service in the project area, the commissioner is prohibited from denying funding to an applicant as a result of a challenge by the same broadband service provider for the following two grant cycles, unless the commissioner determines that the broadband service provider's failure to fulfill the provider's commitment was the result of factors beyond the broadband service provider's control.

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

Sec. 6. Minnesota Statutes 2014, section 116J.395, is amended by adding a subdivision to read:

Subd. 8. **Application evaluation report.** By June 30 of each year, the Office of Broadband Development shall publish on the Department of Employment and Economic Development's Web site and provide to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over broadband a list of all applications for grants under this section received during the previous year and, for each application:

- (1) the results of any quantitative weighting scheme or scoring system the commissioner used to award grants or rank the applications;
- (2) the grant amount requested; and
- (3) the grant amount awarded, if any.

**EFFECTIVE DATE.** This section is effective the day following final enactment. The initial report submission required under this section is due June 30, 2016.

Sec. 7. **[116J.397] UPDATED BROADBAND DEPLOYMENT DATA AND MAPS.**

(a) Beginning in 2016 and continuing each year thereafter, the Office of Broadband Development shall contract with one or more independent organizations that have extensive experience working with Minnesota broadband providers to:

- (1) collect broadband deployment data from Minnesota providers, verify its accuracy through on-the-ground testing, and create state and county maps available to the public by April 15, 2017, and each April 15 thereafter, showing the availability of broadband service at various upload and download speeds throughout Minnesota;

(2) analyze the deployment data collected to help inform future investments in broadband infrastructure; and

(3) conduct business and residential surveys that measure broadband adoption and use in the state.

(b) Data provided by a broadband provider under this section is nonpublic data under section 13.02, subdivision 9. Maps produced under this paragraph are public data under section 13.03.

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

**Sec. 8. [116J.398] BROADBAND PREVAILING WAGE EXEMPTION.**

Notwithstanding any other law to the contrary, section 116J.871 does not apply to a project receiving a grant under section 116J.395 for the construction, installation, remodeling, and repair of last-mile infrastructure, as defined under section 116J.394, paragraph (e).

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

Sec. 9. Minnesota Statutes 2014, section 237.012, is amended to read:

**237.012 BROADBAND GOALS.**

**Subdivision 1. Universal access and high-speed goal.** It is a state goal that as soon as possible, but no later than 2015, all state residents and businesses have access to high-speed broadband that provides minimum download speeds of ten to 20 megabits per second and minimum upload speeds of five to ten megabits per second:

(1) no later than 2022, all Minnesota businesses and homes have access to high-speed broadband that provides minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least three megabits per second; and

(2) no later than 2026, all Minnesota businesses and homes have access to at least one provider of broadband with download speeds of at least 100 megabits per second and upload speeds of at least 20 megabits per second.

**Subd. 2. State broadband leadership position.** It is a goal of the state that by 2015 2022 and thereafter, the state be in:

(1) the top five states of the United States for broadband speed universally accessible to residents and businesses;

(2) the top five states for broadband access; and

(3) the top 15 when compared to countries globally for broadband penetration.

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

**ARTICLE 6**

**ENERGY**

Section 1. Minnesota Statutes 2014, section 115C.09, subdivision 1, is amended to read:

**Subdivision 1. Reimbursable costs.** (a) The board shall provide reimbursement to eligible applicants for reimbursable costs.

(b) The following costs are reimbursable for purposes of this chapter:

(1) corrective action costs incurred by the applicant and documented in a form prescribed by the board, except the costs related to the physical removal of a tank. Corrective action costs incurred by the applicant include costs for physical removal of a tank when the physical removal is part of a corrective action, regardless of whether the tank is leaking at the time of removal, and the removal is directed or approved by the commissioner;

(2) costs that the responsible person is legally obligated to pay as damages to third parties for bodily injury, property damage, or corrective action costs incurred by a third party caused by a release where the responsible person's liability for the costs has been established by a court order or court-approved settlement; and

(3) up to 180 days of interest costs associated with the financing of corrective action and incurred by the applicant in a written extension of credit or loan that has been signed by the applicant and executed after July 1, 2002, provided that the applicant documents that:

(i) the interest costs are incurred as a result of an extension of credit or loan from a financial institution; and

(ii) the board has not considered the application within the applicable time frame specified in subdivision 2a, paragraph (c).

Interest costs meeting the requirements of this clause are eligible only when they are incurred between the date a complete initial application is received by the board, or the date a complete supplemental application is received by the board, and the date that the board first notifies the applicant of its reimbursement determination. An application is complete when the information reasonably required or requested by the board's staff from the applicant has been received by the board's staff. Interest costs are not eligible for reimbursement to the extent they exceed two percentage points above the adjusted prime rate charged by banks, as defined in section 270C.40, subdivision 5, at the time the extension of credit or loan was executed.

(c) A cost for liability to a third party is incurred by the responsible person when an order or court-approved settlement is entered that sets forth the specific costs attributed to the liability. Except as provided in this paragraph, reimbursement may not be made for costs of liability to third parties until all eligible corrective action costs have been reimbursed. If a corrective action is expected to continue in operation for more than one year after it has been fully constructed or installed, the board may estimate the future expense of completing the corrective action and, after subtracting this estimate from the total reimbursement available under subdivision 3, reimburse the costs for liability to third parties. The total reimbursement may not exceed the limit set forth in subdivision 3.

Sec. 2. Minnesota Statutes 2014, section 115C.09, subdivision 3, is amended to read:

**Subd. 3. Reimbursements; subrogation; appropriation.** (a) The board shall reimburse an eligible applicant from the fund for 90 percent of the total reimbursable costs incurred at the site, except that the board may reimburse an eligible applicant from the fund for greater than 90 percent of the total reimbursable costs, if the applicant previously qualified for a higher reimbursement rate. For costs associated with a release from a tank in transport, the board may reimburse a maximum of \$100,000.

~~Not more than \$1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than \$2,000,000 may be reimbursed for costs associated with a single tank facility release.~~

(b) A reimbursement may not be made from the fund under this chapter until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) When an applicant has obtained responsible competitive bids or proposals according to rules promulgated under this chapter prior to June 1, 1995, the eligible costs for the tasks, procedures, services, materials, equipment, and tests of the low bid or proposal are presumed to be reasonable by the board, unless the costs of the low bid or proposal are substantially in excess of the average costs charged for similar tasks, procedures, services, materials, equipment, and tests in the same geographical area during the same time period.

(d) When an applicant has obtained a minimum of two responsible competitive bids or proposals on forms prescribed by the board and where the rules promulgated adopted under this chapter after June 1, 1995, designate maximum costs for specific tasks, procedures, services, materials, equipment and tests, the eligible costs of the low bid or proposal are deemed reasonable if the costs are at or below the maximums set forth in the rules.

(e) Costs incurred for change orders executed as prescribed in rules promulgated adopted under this chapter after June 1, 1995, are presumed reasonable if the costs are at or below the maximums set forth in the rules, unless the costs in the change order are above those in the original bid or proposal or are unsubstantiated and inconsistent with the process and standards required by the rules.

(f) A reimbursement may not be made from the fund in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the applicant has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the applicant.

(g) If the board reimburses an applicant for costs for which the applicant has insurance coverage, the board is subrogated to the rights of the applicant with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by an applicant of reimbursement constitutes an assignment by the applicant to the board of any rights of the applicant with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the applicant the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the applicant was denied coverage by the insurer.

(h) Money in the fund is appropriated to the board to make reimbursements under this chapter. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(i) The board may reduce the amount of reimbursement to be made under this chapter if it finds that the applicant has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

- (1) the agency was given notice of the release as required by section 115.061;
  - (2) the applicant, to the extent possible, fully cooperated with the agency in responding to the release;
  - (3) the state rules applicable after December 22, 1993, to operating an underground storage tank and appurtenances without leak detection;
  - (4) the state rules applicable after December 22, 1998, to operating an underground storage tank and appurtenances without corrosion protection or spill and overfill protection; and
  - (5) the state rule applicable after November 1, 1998, to operating an aboveground tank without a dike or other structure that would contain a spill at the aboveground tank site.
- (j) The reimbursement may be reduced as much as 100 percent for failure by the applicant to comply with the requirements in paragraph (i), clauses (1) to (5). In determining the amount of the reimbursement reduction, the board shall consider:
- (1) the reasonable determination by the agency that the noncompliance poses a threat to the environment;
  - (2) whether the noncompliance was negligent, knowing, or willful;
  - (3) the deterrent effect of the award reduction on other tank owners and operators;
  - (4) the amount of reimbursement reduction recommended by the commissioner; and
  - (5) the documentation of noncompliance provided by the commissioner.
- (k) An applicant may request that the board issue a multiparty check that includes each lender who advanced funds to pay the costs of the corrective action or to each contractor or consultant who provided corrective action services. This request must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the applicant, the identity of the lender, contractor, or consultant, the dollar amount, and the location of the corrective action. The applicant must submit a request for the issuance of a multiparty check for each application submitted to the board. Payment under this paragraph does not constitute the assignment of the applicant's right to reimbursement to the consultant, contractor, or lender. The board has no liability to an applicant for a payment issued as a multiparty check that meets the requirements of this paragraph.

Sec. 3. Minnesota Statutes 2014, section 115C.13, is amended to read:

**115C.13 REPEALER.**

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, 2017 2022.

Sec. 4. Minnesota Statutes 2014, section 216B.16, subdivision 12, is amended to read:

Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of 2,000 5,000 customers.

(b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.

(c) However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.

(d) In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.

(e) If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

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

**Sec. 5. [216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE ASSOCIATION.**

A cooperative electric association that has elected to be subject to rate regulation under section 216B.026 is eligible to file with the commission for approval an adjustment for real and personal property taxes, fees, and permits.

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

Sec. 6. Minnesota Statutes 2014, section 216B.1691, subdivision 10, is amended to read:

Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process established by the commission prior to June 1, 2007, shall not apply to a utility for the construction, ownership, and operation of generation facilities used to satisfy the requirements of this section unless, upon a finding that it is in the public interest, the commission issues an order on or after June 1, 2007, that requires compliance by a utility with a competitive resource acquisition process. A utility that owns a nuclear generation facility and intends to construct, own, or operate facilities under this section shall file with the commission on or before March 1, 2008, a renewable energy plan setting forth the manner in which the utility proposes to meet the requirements of this section; ~~including a proposed schedule for purchasing renewable energy from C-BED and non-C-BED projects.~~ The utility shall update the plan as necessary in its filing under section 216B.2422. The commission shall approve the plan unless it determines, after public hearing and comment, that the plan is not in the public interest. As part of its determination of public interest, the commission shall consider the plan's allocation of projects among C-BED, non-C-BED, and utility-owned projects; ~~impact on balancing the state's interest in:~~

(1) promoting the policy of economic development in rural areas through the development of renewable energy projects, as expressed in subdivision 9;

(2) maintaining the reliability of the state's electric power grid; and

(3) minimizing cost impacts on ratepayers.

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

Sec. 7. Minnesota Statutes 2014, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A utility or association may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The

commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

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

Sec. 8. Minnesota Statutes 2014, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater; or

(7) a wind energy conversion system or solar electric generation facility if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has

provided a signed generator interconnection agreement that reflects the expected net power increase.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Sec. 9. Minnesota Statutes 2014, section 216C.20, subdivision 3, is amended to read:

Subd. 3. **Parking ramp.** No enclosed structure or portion of an enclosed structure constructed after January 1, 1978, and used primarily as a commercial parking facility for three or more motor vehicles shall be heated. Incidental heating resulting from building exhaust air passing through a parking facility shall not be prohibited, provided that substantially all useful heat has previously been removed from the air. The commissioner of commerce may grant an exemption from this subdivision if the commercial parking is integrated within a facility that has both public and private uses, the benefits of the exemption to taxpayers exceed the costs, and all appropriate energy efficiency measures have been considered.

Sec. 10. Minnesota Statutes 2014, section 216E.03, subdivision 5, is amended to read:

Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric generating plant or high-voltage transmission line for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes.

(b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commissioner must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.

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

Sec. 11. Minnesota Statutes 2014, section 216H.01, is amended by adding a subdivision to read:

Subd. 1a. **Cogeneration facility or combined heat and power facility.** "Cogeneration facility" or "combined heat and power facility" means a facility that:

(1) has the meaning given in United States Code, title 16, section 796, clause (18), paragraph (A); and

(2) meets the applicable operating and efficiency standards contained in Code of Federal Regulations, title 18, part 292.205.

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

Sec. 12. Minnesota Statutes 2014, section 216H.03, subdivision 1, is amended to read:

Subdivision 1. **Definition; new large energy facility.** For the purpose of this section, "new large energy facility" means a large energy facility, as defined in section 216B.2421, subdivision 2, clause (1), that is not in operation as of January 1, 2007, but does not include a facility that (1) uses natural gas as a primary fuel, (2) is a cogeneration facility or combined heat and power facility located in the electric service area of a public utility, as defined in section 216B.02, subdivision 4, or is designed to provide peaking, intermediate, emergency backup, or contingency services, (3) uses a simple cycle or combined cycle turbine technology, and (4) is capable of achieving full load operations within 45 minutes of startup for a simple cycle facility, or is capable of achieving minimum load operations within 185 minutes of startup for a combined cycle facility.

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

Sec. 13. Minnesota Statutes 2014, section 373.48, subdivision 3, is amended to read:

Subd. 3. **Joint purchase of energy and acquisition of generation projects; financing.** (a) A county may enter into agreements under section 471.59 with other counties for joint purchase of energy or joint acquisition of interests in projects. A county that enters into a multiyear agreement for purchase of energy or acquires an interest in a project, including C-BED projects pursuant to section 216B.1612, subdivision 9, may finance the estimated cost of the energy to be purchased during the term of the agreement or the cost to the county of the interest in the project by the issuance of revenue bonds of the county, including clean renewable energy revenue bonds, provided that the annual debt service on all bonds issued under this section, together with the amounts to be paid by the county in any year for the purchase of energy under agreements entered into under this section, must not exceed the estimated revenues of the project.

(b) An agreement entered into under section 471.59 as provided by this section may provide that:

(1) each county issues bonds to pay their respective shares of the cost of the projects;

(2) one of the counties issues bonds to pay the full costs of the project and that the other participating counties pay any available revenues of the project and pledge the revenues to the county that issues the bonds; or

(3) the joint powers board issues revenue bonds to pay the full costs of the project and that the participating counties pay any available revenues of the project under this subdivision and pledge the revenues to the joint powers entity for payment of the revenue bonds.

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

Sec. 14. Laws 2001, chapter 130, section 3, is amended to read:

**Sec. 3. ASSESSMENT.**

A propane education and research council, established and certified pursuant to section 2, may assess propane producers and retail marketers an amount not to exceed one mill the maximum

assessment authorized in United States Code, title 15, section 6405(a), per gallon of odorized propane in a manner established by the council in compliance with United States Code, title 15, section 6405, subsections (a) to (c). Propane producers and retail marketers shall be responsible for the amounts assessed.

Sec. 15. Laws 2014, chapter 198, article 2, section 2, the effective date, is amended to read:

**EFFECTIVE DATE; APPLICATION.** This section is effective July 1, 2015 January 1, 2016, and applies to applications for reimbursement on or after that date.

**EFFECTIVE DATE.** This section is effective retroactively from May 5, 2014.

Sec. 16. **REPEALER.**

Minnesota Statutes 2014, sections 216B.1612; and 216C.39, are repealed.

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

## ARTICLE 7

### ECONOMIC DEVELOPMENT

#### Section 1. **APPROPRIATIONS**

The sums shown in the columns under "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, First Special Session, chapter 1, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment. Reductions may be taken in either fiscal year.

<u>APPROPRIATIONS</u>	<u>Available for the Year</u>	<u>Ending June 30</u>	<u>2016</u>	<u>2017</u>
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#### Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>11,721,000</u>
<u>Appropriations by Fund</u>				
<u>General</u>	<u>-0-</u>	<u>7,271,000</u>		
<u>Workforce Development</u>	<u>-0-</u>	<u>4,450,000</u>		

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Business and Community Development      -0-      8,021,000

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>7,271,000</u>
<u>Workforce Development</u>	<u>-0-</u>	<u>750,000</u>

(a) \$9,000,000 in fiscal year 2017 is a onetime reduction in the general fund appropriation for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. The base funding for this purpose is \$11,000,000 in fiscal year 2018 and each fiscal year thereafter.

(b) \$11,500,000 in fiscal year 2017 is a onetime reduction in the general fund appropriation for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. The base funding for this program is \$6,500,000 in fiscal year 2018 and each fiscal year thereafter.

(c) \$2,000,000 in fiscal year 2017 is for the redevelopment program under Minnesota Statutes, section 116J.571. This is a onetime appropriation.

(d) \$1,220,000 in fiscal year 2017 is for a grant to the Duluth North Shore Sanitary District to retire debt of the district in order to bring the district's monthly wastewater rates in line with those of similarly situated facilities across the state. This is a onetime appropriation.

(e) \$300,000 in fiscal year 2017 is from the workforce development fund for expansion of business assistance services provided by business development specialists located in the Northwest Region, Northeast Region, West Central Region, Southwest Region, Southeast Region, and Twin Cities Metro Region offices established throughout the state. Funds under this section may be used to provide services including, but not limited to, business start-ups; expansion; location or relocation; finance; regulatory and permitting assistance; and other services determined

by the commissioner. The commissioner may also use funds under this section to increase the number of business development specialists in each region of the state, increase and expand the services provided through each regional office, and publicize the services available and provide outreach to communities in each region regarding services and assistance available through the business development specialist program. This is a onetime appropriation.

(f) \$50,000 in fiscal year 2017 is from the workforce development fund to enhance the outreach and public awareness activities of the Bureau of Small Business under Minnesota Statutes, section 116J.68. This is a onetime appropriation.

(g) \$100,000 in fiscal year 2017 is from the general fund for an easy-to-understand manual to instruct aspiring business owners in how to start a child care business. The commissioner shall work in consultation with relevant state and local agencies and affected stakeholders to produce the manual. The manual must be made available electronically to interested persons. This is a onetime appropriation and is available until June 30, 2019.

(h) \$2,500,000 in fiscal year 2017 is for grants to initiative foundations to provide financing for business startups, expansions, and maintenance; and for business ownership transition and succession. This is a onetime appropriation. Of the amount appropriated:

(1) \$357,000 is for a grant to the Southwest Initiative Foundation;

(2) \$357,000 is for a grant to the West Central Initiative Foundation;

(3) \$357,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$357,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$357,000 is for a grant to the Initiative Foundation;

(6) \$357,000 is for a grant to the Northland Foundation; and

(7) \$357,000 is for a grant for the Minnesota emerging entrepreneur program under Minnesota Statutes, chapter 116M. Funds available under this clause must be allocated as follows:

(i) 50 percent of the funds must be allocated for projects in the counties of Dakota, Ramsey, and Washington; and

(ii) 50 percent of the funds must be allocated for projects in the counties of Anoka, Carver, Hennepin, and Scott.

(i) \$600,000 in fiscal year 2017 is for a grant to a city of the second class that is designated as an economically depressed area by the United States Department of Commerce for economic development, redevelopment, and job creation programs and projects. This is a onetime appropriation and is available until June 30, 2019.

(j) \$4,500,000 in fiscal year 2017 is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is in addition to the appropriation in Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 2. This is a onetime appropriation.

(k) \$3,651,000 in fiscal year 2017 is from the general fund for a grant to Mille Lacs County to develop and operate the Lake Mille Lacs area economic relief program established in section 45. This is a onetime appropriation.

(l) \$500,000 in fiscal year 2017 is from the general fund for grants to local communities outside of the metropolitan area as defined under Minnesota Statutes, section 473.121, subdivision 2, to increase the supply of quality child care providers in order to

support regional economic development.  
Grant recipients must match state funds on a  
dollar-for-dollar basis. Grant funds available  
under this section must be used to implement  
solutions to reduce the child care shortage  
in the state, including but not limited to  
funding for child care business start-up or  
expansion, training, facility modifications  
or improvements required for licensing,  
and assistance with licensing and other  
regulatory requirements. In awarding grants,  
the commissioner must give priority to  
communities in greater Minnesota that have  
documented a shortage of child care providers  
in the area. This is a onetime appropriation  
and is available until June 30, 2019.

By September 30, 2017, grant recipients must  
report to the commissioner on the outcomes of  
the grant program, including but not limited  
to the number of new providers, the number  
of additional child care provider jobs created,  
the number of additional child care slots, and  
the amount of local funds invested.

By January 1, 2018, the commissioner must  
report to the standing committees of the  
legislature having jurisdiction over child care  
and economic development on the outcomes  
of the program to date.

(m) \$100,000 in fiscal year 2017 is from  
the general fund for a grant to the city of  
Madelia to provide match funding for a  
federal Economic Development Agency  
technical assistance grant. This is a onetime  
appropriation.

(n) \$10,000,000 in fiscal year 2017 is for  
deposit in the Minnesota 21st century fund.  
This is a onetime appropriation.

(o) \$400,000 in fiscal year 2017 is from the  
workforce development fund for grants to  
small business development centers under  
Minnesota Statutes, section 116J.68. Funds  
made available under this section may be  
used to match funds under the federal Small  
Business Development Center (SBDC)

program under United States Code, title 15, section 648, provide consulting and technical services, or to build additional SBDC network capacity to serve entrepreneurs and small businesses. The commissioner shall allocate funds equally among the nine regional centers and lead center. This is a onetime appropriation.

(p) \$2,600,000 in fiscal year 2017 is for a transfer to the Board of Regents of the University of Minnesota for academic and applied research through MnDRIVE at the Natural Resources Research Institute to develop new technologies that enhance the long-term viability of the Minnesota mining industry. The research must be done in consultation with the Mineral Coordinating Committee established by Minnesota Statutes, section 93.0015. This is a onetime transfer.

(q) Of the amount appropriated in fiscal year 2017 for the Minnesota Investment Fund in Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 2, paragraph (a), \$450,000 is for a grant to the Lake Superior-Poplar River Water District to acquire interests in real property, engineer, design, permit, and construct infrastructure to transport and treat water from Lake Superior through the Poplar River Valley to serve domestic, irrigation, commercial, stock watering, and industrial water users. This grant does not require a local match. This is a onetime appropriation. This amount is available until June 30, 2019.

**Subd. 3. Workforce Development**

-0-

1,900,000

This appropriation is from the workforce development fund.

(a) \$500,000 in fiscal year 2017 is from the workforce development fund for rural career counseling coordinators in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. This appropriation is for increases to existing

applicants who were awarded grants in fiscal years 2016 and 2017.

(b) \$500,000 in fiscal year 2017 is from the workforce development fund for a grant to Occupational Development Corporation, Inc. in the city of Buhl to provide training and employment opportunities for people with disabilities and disadvantaged workers. This is a onetime appropriation.

(c) \$400,000 in fiscal year 2017 is from the workforce development fund for a grant to Northern Bedrock Historic Preservation Corps for the pathway to the preservation trades program for recruitment of corps members, engagement of technical specialists, development of a certificate program, and skill development in historic preservation for youth ages 18 to 25. This is a onetime appropriation.

(d) \$500,000 in fiscal year 2017 is from the workforce development fund for a grant to the North East Higher Education District to purchase equipment for training programs due to increased demand for job training under the state dislocated worker program. This is a onetime appropriation and is available until June 30, 2018.

**Subd. 4. Vocational rehabilitation**

-0-

1,800,000

This appropriation is from the workforce development fund.

(a) \$800,000 in fiscal year 2017 is from the workforce development fund for grants to day training and habilitation providers to provide innovative employment options and to advance community integration for persons with disabilities as required under the Minnesota Olmstead Plan. Eligible day training and habilitation providers are those who certify that they do not possess a certification as provided by section 14(c) of the Fair Labor Standards Act. Of this amount, \$250,000 is for a pilot program for home-based, technology-enhanced

monitoring of persons with disabilities. This is a onetime appropriation and is available until June 30, 2018.

(b) \$1,000,000 in fiscal year 2017 is from the workforce development fund for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. This is a onetime appropriation.

**Sec. 3. DEPARTMENT OF LABOR AND INDUSTRY**

	\$	<u>-0-</u>	<u>\$</u>	<u>350,000</u>
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Appropriations by Fund

<u>General</u>	<u>100,000</u>
<u>Workforce Development</u>	<u>250,000</u>

(a) \$250,000 in fiscal year 2017 is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178. This amount is added to the base appropriation for this purpose.

(b) \$100,000 in fiscal year 2017 is to provide outreach and education concerning requirements under state or federal law governing removal of architectural barriers that limit access to public accommodations by persons with disabilities and resources that are available to comply with those requirements. This is a onetime appropriation.

**Sec. 4. EXPLORE MINNESOTA TOURISM**

	\$	<u>-0-</u>	<u>\$</u>	<u>1,073,000</u>
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(a) \$300,000 in fiscal year 2017 is for a grant to the Mille Lacs Tourism Council to enhance marketing activities related to tourism promotion in the Mille Lacs Lake area. This is a onetime appropriation.

(b) \$773,000 in fiscal year 2017 is to establish a pilot project to assist in funding and securing major events benefiting communities throughout the state. The pilot project must measure the economic impact of visitors on state and local economies, increased lodging and nonlodging sales taxes

in addition to visitor spending, and increased media awareness of the state as an event destination. This is a onetime appropriation. Of this amount, \$100,000 is for a grant to the St. Louis County Historical Society for a project, in collaboration with the Erie Mining history book project team, to research, document, publish, preserve, and exhibit the history of taconite mining in Minnesota.

Sec. 5. <b><u>HOUSING FINANCE AGENCY</u></b>	\$	<b><u>-0- \$</u></b>	<b><u>1,750,000</u></b>
(a) \$500,000 in fiscal year 2017 is to establish a grant program within the housing trust fund for the exploited families rental assistance program. This is a onetime appropriation and is available until June 30, 2019.			
(b) \$500,000 in fiscal year 2017 is for a competitive grant program to fund a housing project or projects in a community or communities: (1) that have low housing vacancy rates; and (2) that have an education and training center for jobs in agriculture, farm business management, health care fields, or other fields with anticipated significant job growth potential. A grant or grants must be no more than 50 percent of the total development costs for the project. Funds for a grant or grants made in this section must be to a housing project or projects that have financial and in-kind contributions from nonagency sources that when combined with a grant under this section are sufficient to complete the housing project. Funds must be used to create new housing units either through new construction or through acquisition and rehabilitation of a building or buildings not currently used for housing. If funds remain uncommitted at the end of fiscal year 2017, the agency may transfer the uncommitted funds to the housing development fund and use the funds for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. This is a onetime appropriation.			

(c) \$750,000 in fiscal year 2017 is for the Workforce and Affordable Homeownership Development Program under Minnesota Statutes, section 462A.38. This is a onetime appropriation and is available until June 30, 2019.

(a) \$832,000 in fiscal year 2017 is for energy regulation and planning unit staff.

(b) \$500,000 in fiscal year 2017 is for additional actuarial work to prepare for implementation of principle-based reserves. This appropriation is contingent on enactment of 2016 HF No. 3384. The base appropriation for this purpose is \$412,000.

**Sec. 7. PUBLIC UTILITIES COMMISSION**      \$      **225,000**    \$      **577,000**

The amounts appropriated are in addition to those appropriated in Laws 2015, First Special Session chapter 1. The base amount for fiscal year 2018 and thereafter is \$514,000.

Sec. 8. Laws 2014, chapter 312, article 2, section 14, is amended to read:

## **Sec. 14. ASSIGNED RISK TRANSFER.**

(a) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). This is a onetime transfer.

(b) By June 30, 2015, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year, to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfer authorized in paragraph (a). The total amount authorized for all transfers under this paragraph must not exceed \$24,100,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the Minnesota minerals 21st century fund equals \$24,100,000.

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus,

not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the ~~assigned risk plan under Minnesota Statutes, section 79.252 general fund~~, any unencumbered or unexpended balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2017 2016, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

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

Sec. 9. Laws 2014, chapter 312, article 2, section 15, is amended to read:

**Sec. 15. WORKERS' COMPENSATION SYSTEM REFORM; USE OF FUNDS.**

(a) The appropriations under section 14 to the commissioner of labor and industry are for reform of the workers' compensation system. Funds appropriated under section 14, paragraphs (c) and (d), may be expended by the commissioner only after the advisory council on workers' compensation created under Minnesota Statutes, section 175.007, has approved a new system including, but not limited to: a Medicare-based diagnosis-related group (MS-DRG) or similar system for payment of workers' compensation inpatient hospital services. Of the amount appropriated under section 14, paragraphs (c) and (d), up to \$100,000 may be used by the commissioner to develop and implement the new system approved by the advisory council on workers' compensation.

(b) Funds available for expenditure under paragraph (a) may be used by the commissioner for reimbursement of expenditures that are reasonable and necessary to defray the costs of the implementation by hospitals, insurers, and self-insured employers of the new system including, but not limited to: a Medicare-based diagnosis-related group (MS-DRG) or similar system for payment of workers' compensation inpatient hospital services, litigation expense reform, worker safety training, administrative costs, or other related system reform.

(c) For the purposes of this section, reasonable and necessary system reform and implementation costs include, but are not limited to:

- (1) the cost of analyzing data to determine the anticipated costs and savings of implementing the new system;
- (2) the cost of analyzing system or organizational changes necessary for implementation;
- (3) the cost of determining how an organization would implement group or other software;

(4) the cost of upgrading existing software or purchasing new software and other technology upgrades needed for implementation;

(5) the cost of educating and training staff about the new system as applied to workers' compensation; and

(6) the cost of integrating the new system with electronic billing and remittance systems.

(d) This section expires June 30, 2016.

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

Sec. 10. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 3, is amended to read:

**Subd. 3. Workforce Development**

Appropriations by Fund

General	2,189,000	1,789,000
Workforce Development	17,567,000	16,767,000

(a) \$1,039,000 each year from the general fund and \$3,104,000 each year from the workforce development fund are for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561, to provide employment and career advising to youth, including career guidance in secondary schools, to address the youth career advising deficiency, to carry out activities outlined in Minnesota Statutes, section 116L.561, to provide support services, and to provide work experience to youth in the workforce service areas. The funds in this paragraph may be used for expansion of the pilot program combining career and higher education advising in Laws 2013, chapter 85, article 3, section 27. Activities in workforce services areas under this paragraph may serve all youth up to age 24.

(c) \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(d) \$450,000 each year is from the workforce development fund for a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

(e) \$3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) \$500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs.

(g) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(h) \$250,000 the first year and \$250,000 the second year are for pilot programs in the workforce service areas to combine career and higher education advising.

(i) \$215,000 each year is from the workforce development fund for a grant to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth

in the Twin Cities, Central Minnesota and Southern Minnesota Big Brothers, Big Sisters chapters.

(j) \$900,000 in fiscal year 2016 and \$1,100,000 in fiscal year 2017 are from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, having fewer than 150 total employees; or at small or medium, for-profit companies located outside of the seven-county metropolitan area, having fewer than 250 total employees. At least 200 students must be matched in the first year and at least 250 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation among women or other underserved populations.

(k) \$50,000 each year is from the workforce development fund for a grant to the St. Cloud Area Somali Salvation Youth Organization for youth development and crime prevention activities. Grant funds may be used to train and place mentors in elementary and secondary schools; for athletic, social, and other activities to foster leadership development; to provide a safe place for participating youth to gather after school, on weekends, and on holidays; and activities to improve the organizational and job readiness skills of participating youth. This is a onetime appropriation and is available until June 30, 2019. Funds appropriated the first year are available for use in the second year of the biennium.

(l) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(m) \$400,000 in fiscal year 2016 is for a grant to YWCA Saint Paul for training and job placement assistance, including commercial driver's license training, through the job placement and retention program. This is a onetime appropriation.

(n) \$800,000 in fiscal year 2016 is from the workforce development fund for the customized training program for manufacturing industries under article 2, section 24. This is a onetime appropriation and is available in either year of the biennium. Of this amount:

(1) \$350,000 is for a grant to Central Lakes College for the purposes of this paragraph;

(2) \$250,000 is for Minnesota West Community and Technical College for the purposes of this paragraph; and

(3) \$200,000 is for South Central College for the purposes of this paragraph.

(o) \$500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services.

(p) \$200,000 in fiscal year 2016 and \$200,000 in fiscal year 2017 are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. This is a onetime appropriation.

(q) \$200,000 in fiscal year 2016 is from the workforce development fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

- (1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;
- (2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;
- (3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and
- (4) any additional criteria established by the commissioner.

This is a onetime appropriation and is available until June 30, 2019.

Sec. 11. Laws 2015, First Special Session chapter 1, article 1, section 6, is amended to read:

Sec. 6. BUREAU OF MEDIATION SERVICES	\$	<u>2,208,000</u>	\$	<u>2,622,000</u>
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(a) \$68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(b) \$125,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

(c) \$256,000 each year is in fiscal year 2016 and \$394,000 in fiscal year 2017 are for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. The base appropriation for this purpose is \$394,000 in fiscal year 2018 and \$394,000 in fiscal year 2019. Of this amount, \$160,000 each year is for grants under Minnesota Statutes, section 179.91, and \$96,000 each year is for intergovernmental and public policy collaboration and operation of the office.

(d) \$250,000 is to complete the Case Management System-Database Project Phase II. This is a onetime appropriation.

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

Sec. 12. Minnesota Statutes 2014, section 61A.24, is amended by adding a subdivision to read:

Subd. 12b. Mortality table; exception. Notwithstanding subdivisions 12, 12a, or any other law to the contrary, a company may use the Commissioners 2017 Standard Ordinary Mortality Table in determining the minimum nonforfeiture standard for policies issued on or after January 1, 2017.

Sec. 13. Minnesota Statutes 2014, section 61A.25, is amended by adding a subdivision to read:

Subd. 10. Mortality table; exception. Notwithstanding anything in this section, or any other law to the contrary, a company may use the Commissioners 2017 Standard Ordinary Mortality Table in determining the minimum valuation standard for policies issued on or after January 1, 2017.

Sec. 14. Minnesota Statutes 2014, section 116J.423, is amended to read:

**116J.423 MINNESOTA MINERALS 21ST CENTURY FUND.**

**Subdivision 1. Created.** The Minnesota minerals 21st century fund is created as a separate account in the treasury. Money in the account is appropriated to the commissioner of employment and economic development for the purposes of this section. All money earned by the account, loan repayments of principal and interest, and earnings on investments must be credited to the account. For the purpose of this section, "fund" means the Minnesota minerals 21st century fund. The commissioner shall operate the account as a revolving account.

**Subd. 2. Use of fund.** The commissioner shall use money in the fund to make loans or equity investments in mineral, steel, or taconite any other industry processing facilities, steel production facilities, facilities for the manufacturing of renewable energy products, or facilities for the manufacturing of biobased or biomass products, manufacturing, or technology project that would enhance the economic diversification and that are located within the taconite relief tax area as defined under section 273.134. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans and equity investments that assists the Minnesota mineral industry in becoming globally competitive taconite relief area in retaining and enhancing its economic competitiveness. Money in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

**Subd. 2a. Grants authorized.** Notwithstanding subdivision 2, the commissioner may use money in the fund to make grants to a municipality or county, or to a county regional rail authority as appropriate, for public infrastructure needed to support an eligible project under this section. Grant money may be used by the municipality, county, or regional rail authority to acquire right-of-way and mitigate loss of wetlands and runoff of storm water; to predesign, design, construct, and equip roads and rail lines; and, in cooperation with municipal utilities, to predesign, design, construct, and equip natural gas pipelines, electric infrastructure, water supply systems, and wastewater collection and treatment systems. Grants made under this subdivision are available until expended.

**Subd. 3. Requirements prior to committing funds.** The commissioner, prior to making a commitment for a loan or equity investment must, at a minimum, conduct due diligence research regarding the proposed loan or equity investment, including contracting with professionals as needed to assist in the due diligence.

**Subd. 4. Requirements for fund disbursements.** The commissioner may make conditional commitments for loans or equity investments but disbursements of funds pursuant to a commitment may not be made until commitments for the remainder of a project's funding are made that are satisfactory to the commissioner and disbursements made from the other commitments sufficient to protect the interests of the state in its loan or investment.

**Subd. 5. Company contribution.** The commissioner may provide loans or equity investments that match, in a proportion determined by the commissioner, an investment made by the owner of a facility.

Sec. 15. Minnesota Statutes 2014, section 116J.424, is amended to read:

**116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD CONTRIBUTION.**

The commissioner of the Iron Range Resources and Rehabilitation Board with approval by the board, shall may provide an equal match for any loan or equity investment made for a facility project located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota minerals 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the board and the board at its sole discretion shall decide what interest it acquires in a project. The commissioner of employment and economic development may require a commitment from the board to make the match prior to disbursing money from the fund.

Sec. 16. Minnesota Statutes 2014, section 116J.431, subdivision 1, is amended to read:

**Subdivision 1. Grant program established; purpose.** (a) The commissioner shall make grants to counties or cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible economic development project. The county or city receiving a grant must provide for the remainder of the costs of the project, either in cash or in kind. In-kind contributions may include the value of site preparation other than the public infrastructure needed for the project.

(b) The purpose of the grants made under this section is to keep or enhance jobs in the area, increase the tax base, or to expand or create new economic development.

(c) In awarding grants under this section, the commissioner must adhere to the criteria under subdivision 4.

(d) If the commissioner awards a grant for less than 50 percent of the project, the commissioner shall provide the applicant and the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over economic development finance a written explanation of the reason less than 50 percent of the capital costs were awarded in the grant.

Sec. 17. Minnesota Statutes 2014, section 116J.431, subdivision 2, is amended to read:

**Subd. 2. Eligible projects.** An economic development project for which a county or city may be eligible to receive a grant under this section includes:

- (1) manufacturing;
- (2) technology;
- (3) warehousing and distribution;
- (4) research and development;

(5) agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products into goods that are used for intermediate or final consumption, including goods for nonfood use; or

(6) industrial park development that would be used by any other business listed in this subdivision even if no business has committed to locate in the industrial park at the time the grant application is made.

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

Sec. 18. Minnesota Statutes 2014, section 116J.431, subdivision 4, is amended to read:

**Subd. 4. Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a county or city must include in its application a resolution of the county or city council certifying that the required local match is available. The commissioner must evaluate complete applications for eligible projects using the following criteria:

(1) the project is an eligible project as defined under subdivision 2;

(2) the project will be expected to result in or will attract substantial public and private capital investment and provide substantial economic benefit to the county or city in which the project would be located;

(3) the project is not relocating substantially the same operation from another location in the state, unless the commissioner determines the project cannot be reasonably accommodated within the county or city in which the business is currently located, or the business would otherwise relocate to another state; and

(4) the project is expected to or will create or maintain retain full-time jobs.

(b) The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the priorities criteria are not subject to judicial review, except for abuse of discretion.

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

Sec. 19. Minnesota Statutes 2014, section 116J.431, subdivision 6, is amended to read:

Subd. 6. **Maximum grant amount.** A county or city may receive no more than \$1,000,000 \$2,000,000 in two years for one or more projects.

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

Sec. 20. Minnesota Statutes 2014, section 116J.68, is amended to read:

**116J.68 BUREAU OF SMALL BUSINESS.**

Subdivision 1. **Generally.** The Bureau of Small Business within the business assistance center shall serve as a clearinghouse, technical assistance center, and referral service for information and other assistance needed by small businesses including small targeted group businesses and small businesses located in an economically disadvantaged area.

Subd. 2. **Duties.** The bureau shall:

(1) provide information and assistance with respect to all aspects of business planning, business finance, and business management related to the start-up, operation, or expansion of a small business in Minnesota;

(2) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations;

(3) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

(4) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

(5) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(6) maintain a close and continued relationship with the director of the procurement program within the Department of Administration so as to facilitate the department's duties and responsibilities under sections 16C.16 to 16C.19 relating to the small targeted group business and economically disadvantaged business program of the state;

(7) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

(8) establish and maintain a toll-free telephone number, e-mail account, and other electronic contact mediums determined by the commissioner so that all small business persons anywhere in the state ~~can call~~ may contact the bureau office for assistance. An outreach program shall be established to make the existence of the bureau and the assistance and services the bureau may provide to small businesses well known to its potential clientele throughout the state. If the small business person requires a referral to another provider the bureau may use the business assistance referral system established by the Minnesota Project Outreach Corporation;

(9) conduct research and provide data as required by the state legislature;

(10) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

(11) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(12) develop a public awareness program ~~through the use of~~ regarding state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons. The commissioner may utilize print and electronic newsletters, personal contacts, and advertising devices as defined in section 173.02, subdivision 16, social media, other electronic and print news media advertising about state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons, and any other means determined by the commissioner;

(13) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648; and

(14) assist providers in the evaluation of their programs and the assessment of their service area needs. The bureau may establish model evaluation techniques and performance standards for providers to use.

Sec. 21. Minnesota Statutes 2014, section 116J.8737, subdivision 3, is amended to read:

**Subd. 3. Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification.

If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 22. Minnesota Statutes 2014, section 116J.8747, subdivision 1, is amended to read:

**Subdivision 1. Grant allowed.** The commissioner may provide a grant to a qualified job training program from money appropriated for the purposes of this section as follows:

(1) ~~a \$9,000~~ an \$11,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and

(2) ~~a \$9,000~~ an \$11,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.

Sec. 23. Minnesota Statutes 2014, section 116J.8747, subdivision 2, is amended to read:

**Subd. 2. Qualified job training program.** To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program must spend ~~at least, on average,~~ \$15,000 or more per graduate of the program;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, mathematics, and communications;

(ii) thinking skills, such as reasoning, creative thinking, decision making, and problem solving; and

(iii) personal qualities, such as responsibility, self-esteem, self-management, honesty, and integrity;

- (4) the program ~~must~~ may provide income supplements, when needed, to participants for housing, counseling, tuition, and other basic needs;
- (5) the program's education and training course must last for an average of at least six months;
- (6) individuals served by the program must:
  - (i) be 18 years of age or older;
  - (ii) have federal adjusted gross income of no more than \$11,000 ~~\$12,000~~ per year in the calendar year immediately before entering the program;
  - (iii) have assets of no more than \$7,000 ~~\$10,000~~, excluding the value of a homestead; and
  - (iv) not have been claimed as a dependent on the federal tax return of another person in the previous taxable year; and
- (7) the program must be certified by the commissioner of employment and economic development as meeting the requirements of this subdivision.

Sec. 24. Minnesota Statutes 2014, section 116M.14, subdivision 2, is amended to read:

Subd. 2. **Board.** "Board" means the ~~Urban Initiative Board~~ Minnesota emerging entrepreneur program.

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

Sec. 25. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 3a. **Department.** "Department" means the Department of Employment and Economic Development.

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

Sec. 26. Minnesota Statutes 2014, section 116M.14, subdivision 4, is amended to read:

Subd. 4. **Low-income area.** "Low-income area" means:

(1) Minneapolis, St. Paul;

(2) those cities in the metropolitan area as defined in section 473.121, subdivision 2, that have an average income that is below 80 percent of the median income for a four-person family as of the latest report by the United States Census Bureau; and

(3) ~~those cities in the metropolitan area, which contain two or more contiguous census tracts in which the average family income is less than 80 percent of the median family income for the Twin Cities the area outside the metropolitan area.~~

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

Sec. 27. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 4a. **Low-income person.** "Low-income person" means a person who has an annual income, adjusted for family size, of not more than 80 percent of the area median family income for the county of residence as of the latest report by the United States Census Bureau.

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

Sec. 28. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 4b. **Metropolitan area.** "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

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

Sec. 29. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 6. **Minority person.** "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

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

Sec. 30. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 7. **Program.** "Program" means the Minnesota emerging entrepreneur program created by this chapter.

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

Sec. 31. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 8. **Veteran.** "Veteran" means a veteran as defined in section 197.447.

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

Sec. 32. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 9. **Persons with disabilities.** "Persons with disabilities" means an individual with a disability, as defined under the Americans with Disabilities Act, United States Code, title 42, section 12102.

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

Sec. 33. Minnesota Statutes 2014, section 116M.15, subdivision 1, is amended to read:

Subdivision 1. **Creation; Membership.** The Urban Initiative Minnesota Emerging Entrepreneur Board is created and consists of the commissioner of employment and economic development, the commissioner of human rights, the chair of the Metropolitan Council, and eight 12 members from the general public appointed by the governor. Six Nine of the public members must be representatives from minority business enterprises. No more than four six of the public members may be of one gender. At least one member must be a representative from a veteran-owned business, and at least one member must be a representative from a business owned by a person with disabilities. Appointments must ensure balanced geographic representation. At least half of the public members must have experience working to address racial income disparities. All public members must be experienced in business or economic development.

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

Sec. 34. Minnesota Statutes 2014, section 116M.15, is amended by adding a subdivision to read:

Subd. 1a. **Board responsibilities.** The board shall:

- (1) submit a report to the commissioner by February 1 of each year describing the condition of Minnesota small businesses that are majority owned and operated by a racial or ethnic minority, woman, veteran, or a person with disabilities, along with any policy recommendations;
- (2) act as a liaison between the department and nonprofit corporations engaged in small business development support activities; and
- (3) assist the department in informational outreach about the program.

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

Sec. 35. Minnesota Statutes 2014, section 116M.17, subdivision 2, is amended to read:

Subd. 2. **Technical assistance.** The board through the department shall provide technical assistance and development information services to state agencies, regional agencies, special districts, local governments, and the public, with special emphasis on minority communities informational outreach about the program to lenders, nonprofit corporations, and low-income and minority communities throughout the state that support the development of business enterprises and entrepreneurs.

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

Sec. 36. Minnesota Statutes 2014, section 116M.17, subdivision 4, is amended to read:

Subd. 4. **Reports.** The board shall submit an annual report to the legislature of an accounting of loans made under section 116M.18, including information on loans to minority business enterprises made, the number of jobs created by the program, the impact on low-income areas, and recommendations concerning minority business development and jobs for persons in low-income areas.

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

Sec. 37. Minnesota Statutes 2014, section 116M.18, is amended to read:

**116M.18 URBAN CHALLENGE GRANTS MINNESOTA EMERGING ENTREPRENEUR PROGRAM.**

Subdivision 1. **Establishment.** The Minnesota emerging entrepreneur program is established to award grants to nonprofit corporations to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities.

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. After September 30 of each calendar year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Subdivision 1 Subd. 1b. **Eligibility rules Grants.** The board department shall make urban challenge grants for use in low-income areas to nonprofit corporations to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities to encourage private investment, to provide jobs for minority and low-income persons and others in low-income areas, to create and strengthen minority business enterprises, and to promote economic development in a low-income area. The board shall adopt rules to establish criteria for determining loan eligibility.

Subd. 2. **Challenge Grant eligibility; nonprofit corporation.** (a) The board department may enter into agreements with nonprofit corporations to fund and guarantee loans the nonprofit corporation makes in low-income areas under subdivision 4. A corporation must demonstrate that to businesses owned by minority or low-income persons, women, veterans, or people with disabilities. The department shall evaluate applications from nonprofit corporations. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation:

- (1) its has a board of directors that includes citizens experienced in business and community development, minority business enterprises, addressing racial income disparities, and creating jobs in low-income areas for low-income and minority persons;
- (2) it has the technical skills to analyze projects;
- (3) it is familiar with other available public and private funding sources and economic development programs;
- (4) it can initiate and implement economic development projects;
- (5) it can establish and administer a revolving loan account or has operated a revolving loan account; and
- (6) it can work with job referral networks which assist minority and other persons in low-income areas low-income persons; and
- (7) has established relationships with minority communities.

(b) The department shall review existing agreements with nonprofit corporations every five years and may renew or terminate the agreement based on the review. In making its review, the department shall consider, among other criteria, the criteria in paragraph (a).

Subd. 3. **Revolving loan fund.** (a) The board department shall establish a revolving loan fund to make grants to nonprofit corporations for the purpose of making loans and loan guarantees to new and expanding businesses in a low-income area to promote owned by minority or low-income persons, women, veterans, or people with disabilities, and to support minority business enterprises and job creation for minority and other persons in low-income areas low-income persons.

(b) Nonprofit corporations that receive grants from the department under the program must establish a commissioner-certified revolving loan fund for the purpose of making eligible loans.

(c) Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries.

(d) Loan applications given preliminary approval by the nonprofit corporation must be forwarded to the board department for approval. The commissioner must give final approval for each loan or loan guarantee made by the nonprofit corporation. The amount of the state funds contributed to any loan or loan guarantee may not exceed 50 percent of each loan.

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made or guaranteed by nonprofit corporations under the urban challenge grant program.

(b) Loans or guarantees must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the urban challenge grant program.

(c) A loan or guarantee must be used for a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them to support a business owned by a minority or a low-income person, woman, veteran, or a person with disabilities. Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan or guarantee is \$5,000 and the maximum is \$150,000.

(e) The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority and low-income applicants from low-income areas.

Subd. 4a. **Microenterprise loan.** Urban challenge Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$1,000 \$5,000 and a maximum of \$25,000 \$35,000; and

(3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum of \$50,000; and

(3) (4) they do not require a match.

Subd. 5. **Revolving fund administration; rules.** (a) The board department shall establish a minimum interest rate for loans or guarantees to ensure that necessary loan administration costs are covered. The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus four percent. For a loan under this subdivision, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee.

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in a revolving fund created by the board for challenge grants. The remaining amount of the loan repayment may be paid to the department for deposit in the revolving loan fund. Loan interest payments must be deposited in a revolving loan fund created by the nonprofit corporation originating the loan being repaid for further distribution or use, consistent with the loan criteria specified in subdivision 4 of this section.

(c) Administrative expenses of the board and nonprofit corporations with whom the board department enters into agreements under subdivision 2, including expenses incurred by a nonprofit corporation in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under subdivision 4, may be paid out of the interest earned on loans and out of interest earned on money invested by the state Board of Investment under section 116M.16, subdivision 2, as may be provided by the board department.

**Subd. 6. Rules.** The board shall adopt rules to implement this section.

**Subd. 6a. Nonprofit corporation loans.** The board may make loans to a nonprofit corporation with which it has entered into an agreement under subdivision 1. These loans must be used to

support a new or expanding business. This support may include such forms of financing as the sale of goods to the business on installment or deferred payments, lease purchase agreements, or royalty investments in the business. The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus four percent. For a loan under this subdivision, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee. The nonprofit corporation must provide at least an equal match to the loan received by the board. The maximum loan available to the nonprofit corporation under this subdivision is \$50,000. Loans made to the nonprofit corporation under this subdivision may be made without interest. Repayments made by the nonprofit corporation must be deposited in the revolving fund created for urban initiative grants.

**Subd. 7. Cooperation.** A nonprofit corporation that receives ~~an urban challenge~~ a program grant shall cooperate with other organizations, including but not limited to, community development corporations, community action agencies, and the Minnesota small business development centers.

**Subd. 8. Reporting requirements.** A nonprofit corporation that receives a ~~challenge~~ program grant shall:

(1) submit an annual report to the board ~~and department~~ by September March 30 of each year that includes a description of ~~projects~~ businesses supported by the ~~urban challenge~~ grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and ~~low-income~~ persons in ~~low-income~~ areas, the source and amount of money collected and distributed by the ~~urban challenge~~ grant program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the ~~board~~ department.

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

Sec. 38. Minnesota Statutes 2015 Supplement, section 326B.988, is amended to read:

**326B.988 EXCEPTIONS.**

(a) The provisions of sections 326B.95 to 326B.998 shall not apply to:

(1) boilers and pressure vessels in buildings occupied solely for residence purposes with accommodations for not more than five families;

(2) railroad locomotives operated by railroad companies for transportation purposes;

(3) air tanks installed on the right-of-way of railroads and used directly in the operation of trains;

(4) boilers and pressure vessels under the direct jurisdiction of the United States;

(5) unfired pressure vessels having an internal or external working pressure not exceeding 15 psig with no limit on size;

(6) pressure vessels used for storage of compressed air not exceeding five cubic feet in volume and equipped with an ASME code stamped safety valve set at a maximum of 100 psig;

(7) pressure vessels having an inside diameter not exceeding six inches;

(8) every vessel that contains water under pressure, including those containing air that serves only as a cushion, whose design pressure does not exceed 300 psig and whose design temperature does not exceed 210 degrees Fahrenheit;

(9) boiler or pressure vessels located on farms used solely for agricultural or horticultural purposes; for purposes of this section, boilers used for mint oil extraction are considered used for agricultural or horticultural purposes, provided that the owner or lessee complies with the inspection requirements contained in section 326B.958;

(10) tanks or cylinders used for storage or transfer of liquefied petroleum gases;

(11) unfired pressure vessels in petroleum refineries;

(12) an air tank or pressure vessel which is an integral part of a passenger motor bus, truck, or trailer;

(13) hot water heating and other hot liquid boilers not exceeding a heat input of 750,000 BTU per hour;

(14) hot water supply boilers (water heaters) not exceeding a heat input of 500,000 BTU per hour, a water temperature of 210 degrees Fahrenheit, a nominal water capacity of 120 gallons, or a pressure of 160 psig;

(15) a laundry and dry cleaning press not exceeding five cubic feet of steam volume;

(16) pressure vessels operated full of water or other liquid not materially more hazardous than water, if the vessel's contents' temperature does not exceed 210 degrees Fahrenheit or a pressure of 200 psig;

(17) steam-powered turbines at papermaking facilities which are powered by steam generated by steam facilities at a remote location;

(18) manually fired boilers for model locomotive, boat, tractor, stationary engine, or antique motor vehicles constructed or maintained only as a hobby for exhibition, educational or historical purposes and not for commercial use, if the boilers have an inside diameter of 12 inches or less, or a grate area of two square feet or less, and are equipped with an ASME stamped safety valve of adequate size, a water level indicator, and a pressure gauge;

(19) any pressure vessel used as an integral part of an electrical circuit breaker;

(20) pressure vessels used for the storage of refrigerant if they are built to ASME code specifications, registered with the national board, and equipped with an ASME code-stamped pressure-relieving device set no higher than the maximum allowable working pressure of the vessel. This does not include pressure vessels used in ammonia refrigeration systems;

(21) pressure vessels used for the storage of oxygen, nitrogen, helium, carbon dioxide, argon, nitrous oxide, or other medical gas, provided the vessel is constructed to ASME or Minnesota Department of Transportation specifications and equipped with an ASME code-stamped pressure-relieving device. The owner of the vessels shall perform annual visual inspections and planned maintenance on these vessels to ensure vessel integrity;

(22) pressure vessels used for the storage of compressed air for self-contained breathing apparatuses;

- (23) hot water heating or other hot liquid boilers vented directly to the atmosphere; and
- (24) pressure vessels used for the storage of compressed air not exceeding 1.5 cubic feet (11.22 gallons) in volume with a maximum allowable working pressure of 600 psi or less.
- (b) An engineer's license is not required for hot water supply boilers.
- (c) An engineer's license and annual inspection by the department is not required for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not exceeding 100,000 BTU per hour input, 25 kilowatt, and a pressure of 15 psig.
- (d) Electric boilers not exceeding a maximum working pressure of 50 psig, maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure vessels and shall not require an engineer license to operate.
- (e) Sawmills, located in a county with a population of less than 8,000 according to the last federal census and that utilize steam for the drying of lumber, are not required to meet the high pressure boiler attendance requirements set forth in Minnesota Rules, part 5225.1180, only if all of the following conditions are met:
- (1) the owner complies with the inspection requirements under section 326B.958, and the licensing requirements under section 326B.972; and
- (2) the boiler:
- (i) is equipped with electronic control systems that are remotely operated but which require on-site manual reset of system faults;
- (ii) is remotely monitored for log water levels, boiler pressure, and steam flow;
- (iii) has automatic safety mechanisms built into the remote monitoring systems that send an alarm upon detection of a fault condition, and an on-site alarm that will sound upon detection of a fault condition and which may be heard at a distance of 500 feet;
- (iv) has a water treatment program that is supervised by a third party water treatment company; and
- (v) is attended on site by a licensed boiler operator at least two times in a 24-hour period. If the boiler is not attended more than twice in a 24-hour period, the period between checks must not be less than eight hours.

~~This paragraph expires August 1, 2016. This paragraph expires the sooner of August 1, 2018, or upon the effective date of a rule regulating high pressure boiler attendance requirements at a sawmill described in this paragraph adopted after the effective date of this act.~~

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

Sec. 39. Minnesota Statutes 2014, section 462A.204, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The agency may establish a family homeless prevention and assistance program to assist families who are homeless or are at imminent risk of homelessness. The term "family" may include single individuals. The agency may make grants to develop and implement family homeless prevention and assistance projects under the program. For purposes of this section, "families" means families and persons ~~under the age of 22~~ 24 years of age or younger.

Sec. 40. Minnesota Statutes 2014, section 462A.204, subdivision 3, is amended to read:

Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the metropolitan area. A county, a group of contiguous counties jointly acting together, a tribe, a group of tribes, or a community-based nonprofit organization with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction may apply for and receive grants for areas located outside the metropolitan area.

**Sec. 41. [462A.38] WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** A workforce and affordable homeownership development program is established to award homeownership development grants to nonprofit organizations, cooperatives created under chapter 308A or 308B, and community land trusts created for the purposes outlined in section 462A.31, subdivision 1, for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

Subd. 2. **Use of funds.** (a) Grant funds awarded under this program may be used for:

- (1) development costs;
- (2) rehabilitation;
- (3) land development; and
- (4) residential housing, including storm shelters and related community facilities.

(b) A project funded through the grant program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants, the commissioner shall establish semiannual application deadlines in which grants will be authorized from all or part of the available appropriations.

Subd. 4. **Awarding grants.** Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants in approximately equal amounts to applicants outside and within the metropolitan area.

Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

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

Sec. 42. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special Session chapter 1, article 7, section 1, is amended to read:

**Sec. 13. EFFECTIVE DATE.**

Sections 1 to 3 and 6 to 11 are effective July 1, 2016 2017. Sections 4, 5, and 12 are effective July 1, 2014.

**EFFECTIVE DATE.** This section is effective the day following final enactment. Until July 1, 2016 2017, any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in Minnesota Statutes, section 179A.13, may bring an action for injunctive relief and for damages caused by the unfair labor practice in the district court of the county in which the practice is alleged to have occurred.

Sec. 43. Laws 2015, First Special Session chapter 1, article 1, section 4, is amended to read:

**Sec. 4. EXPLORE MINNESOTA TOURISM \$ 14,118,000 \$ 14,248,000**

(a) To develop maximum private sector involvement in tourism, \$500,000 in fiscal year 2016 and \$500,000 in fiscal year 2017 must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2016 shall be based on fiscal year 2015 private sector contributions. The incentive in fiscal year 2017 shall be based on fiscal year 2016 private sector contributions. This incentive is ongoing. Of this amount, \$100,000 is for a grant to the Northern Lights International Music festival.

(b) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(c) \$30,000 in fiscal year 2016 is for Mille Lacs Lake tourism promotion. This is a onetime appropriation.

**Sec. 44. DAY TRAINING AND HABILITATION GRANT PROGRAM.**

Subdivision 1. Establishment. The commissioner of employment and economic development shall establish a day training and habilitation grant program in fulfillment of the Olmstead Plan purpose of ensuring that people with disabilities have choices for competitive, meaningful, and sustained employment in the most integrated setting.

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Day training and habilitation providers" means those organizations whose names are listed as Department of Human Services providers in the Minnesota Department of Administration, Materials Management Division, ALP Manual, Appendix J, without regard to whether they are listed as approved vendors with the Minnesota Department of Employment and Economic Development, Division of Rehabilitation Services as a community rehabilitation provider, limited-use vendor, or center for independent living, and irrespective as to whether they are accredited by CARF International.

(c) "Competitive employment" means full-time or part-time employment, with or without support, in an integrated setting in the community that pays at least minimum wage, as defined by the Fair Labor Standards Act, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by workers without a disability.

(d) "Olmstead Plan" means Minnesota's 2013 Olmstead Plan, dated November 1, 2013, and all subsequent modifications approved by the United States District Court.

Subd. 3. Competitive process. The commissioner shall issue a request for proposals to day training and habilitation providers seeking proposals to assist the Department of Employment and Economic Development in achieving its goals as provided in the Olmstead Plan. Grant funds shall be used to improve individual employment outcomes by aligning programs, funding, and policies to support people with disabilities to choose, secure, and maintain competitive employment and self-employment, including, but not limited to, the following activities:

(1) implementing policies and initiating processes that improve the employment outcomes of working adults with disabilities;

(2) offering incentives for innovation that increase competitive employment in the general work force;

(3) expanding the flexibility in current funding and services to increase competitive employment outcomes;

(4) providing evidence of partnerships with private sector businesses and public sector employment; and

(5) submitting outcome data, required by the department, according to the stipulations of the Olmstead Plan.

Subd. 4. Eligibility. Any person who has a disability as determined by the Social Security Administration or state medical review team is eligible to receive services provided with grant funds.

Subd. 5. Consultation required. The commissioner shall consult with the governor's Workforce Development Council, the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans, the governor's Council on Developmental Disabilities, and other governor-appointed disability councils in designing, implementing, and evaluating the competitive grant program.

Subd. 6. Report. On or before February 1, 2017, and annually thereafter, the commissioner shall report to the chairs and ranking minority members of the senate and house of representatives

committees having jurisdiction over employment and economic development policy and finance on the amount of funds awarded and the outcomes reported by grantees.

**Sec. 45. EXPLOITED FAMILIES RENTAL ASSISTANCE PILOT PROGRAM.**

Subdivision 1. **Rental assistance program.** (a) The commissioner of housing finance shall establish a grant pilot program within the housing trust fund to serve individuals or families from emerging communities at risk of being homeless and who have been victims of gender-based violence, including but not limited to domestic violence, sexual assault, trafficking, international abusive marriage, or forced marriage. For the purposes of this section, the term "emerging communities" is defined as communities that are unfamiliar with mainstream government services and that have limited English proficiency. The commissioner shall award grants to organizations that can provide or partner with an organization that can provide linguistically and culturally appropriate services and that have the capacity to serve individuals or families from emerging communities who have experienced gender-based violence. The commissioner may consult with the Departments of Human Services and Public Safety when establishing the grant program.

(b) The pilot program must:

- (1) provide rental assistance to individuals or families with a minor child;
- (2) require the participants to pay at least 30 percent of the participant's income toward the rent;
- (3) allow the families to choose their own housing, including single-family homes, townhomes, and apartments; and
- (4) give priority to individuals or families who experience barriers in accessing housing, including having limited English proficiency, lack of positive rental history, employment history, and financial history.

Subd. 2. **Program evaluation.** All grant recipients must collect and make available to the commissioner of housing finance aggregate data to assist the agency in the evaluation of the program. The commissioner of housing finance shall evaluate the program and measure the number of families served from emerging communities and the housing status of the participants.

**Sec. 46. LAKE MILLE LACS AREA ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** Mille Lacs County must develop and implement a Lake Mille Lacs area economic relief program to assist businesses adversely affected by a decline in walleye fishing on Lake Mille Lacs.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants or loans as provided in this section to the extent that funds are available. Prior to awarding a grant to Mille Lacs County for the relief program under this section:

- (1) the county must develop criteria, procedures, and requirements for:
  - (i) determining eligibility for assistance;
  - (ii) the duration, terms, underwriting and security requirements, and repayment requirements for loans;
  - (iii) evaluating applications for assistance;

(iv) awarding assistance; and

(v) administering the grant and loan program authorized under this section;

(2) the county must submit its criteria, procedures, and requirements developed pursuant to clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements as developed pursuant to clause (1) to be used by the county in determining eligibility for assistance, evaluating, awarding, and administering the grant and loan program.

(b) The relief authorized under this section includes:

(1) grants not to exceed \$50,000 per business. Grants may be awarded to applicants only when the county determines that a loan is not appropriate to address the needs of the applicant; and

(2) loans, with or without interest, and deferred or forgivable loans. The maximum loan amount under this subdivision is \$100,000 per business. The lending criteria adopted by the county for loans under this subdivision must:

(i) specify that an entity receiving a deferred or forgivable loan must remain in the local community a minimum of five years after the date of the loan. The maximum loan deferral period must not exceed five years from the date the loan is approved. The maximum amount of a loan that may be forgiven must not exceed 50 percent of the principle amount and may be forgiven only if the business has remained in operation in the community for at least ten years after the loan is approved; and

(ii) require submission of a business plan for continued operation until the walleye fishing resource recovers. The plan must document the probable success of the applicant's business plan and probable success in repaying the loan according to the terms established for the loan program; and

(3) tourism promotion grants to the Mille Lacs Tourism Council.

(c) All loan repayment funds under this subdivision must be paid to the commissioner of employment and economic development for deposit in the Minnesota investment fund disaster contingency account under Minnesota Statutes, section 116J.8731.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within one of the following municipalities surrounding Lake Mille Lacs:

(i) in Crow Wing County, the city of Garrison, township of Garrison, or township of Roosevelt;

(ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of Malmo, or township of Lakeside; or

(iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

(2) document a reduction of at least ten percent in gross receipts in any two-year period since 2010; and

(3) be a business in one of the following industries, as defined within the North American Industry Classification System: accommodation, restaurants, bars, amusement and recreation, food and beverages retail, sporting goods, miscellaneous retail, general retail, museums, historical sites, health and personal care, gas station, general merchandise, business and professional membership, movies, or nonstore retailer, as determined by Mille Lacs County in consultation with the commissioner of employment and economic development.

Subd. 4. **Monitoring.** (a) Mille Lacs County must establish performance measures that include, but are not limited to, the following components:

- (1) the number of loans approved and the amounts and terms of the loans;
- (2) the number of grants awarded, award amounts, and the reason that a grant award was made in lieu of a loan;
- (3) the loan default rate;
- (4) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full-time or part-time, and the status of the jobs as temporary or permanent;
- (5) the amount of business activity and changes in gross revenues of the grant or loan recipient as a result of the assistance; and
- (6) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor Mille Lacs County's compliance with this section and the performance measures developed under paragraph (a).

(c) Mille Lacs County must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Sections 116J.993 to 116J.995 do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals, and wage and benefit goals.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to one percent of the appropriation made for this section for administrative expenses of the department.

**EFFECTIVE DATE.** This section, except for subdivision 4, is effective July 1, 2016, and expires June 30, 2017. Subdivision 4 is effective July 1, 2016, and expires on the date the last loan is repaid or forgiven as provided under this section.

Sec. 47. **REVISOR'S INSTRUCTION.**

In the next editions of Minnesota Statutes and Minnesota Rules, the revisor of statutes shall change the term "Urban Initiative Board" or similar to "Minnesota emerging entrepreneur program," "program," or similar terms as the context requires.

**ARTICLE 8****LABOR AND INDUSTRY****HOUSEKEEPING**

Section 1. Minnesota Statutes 2015 Supplement, section 326B.13, subdivision 8, is amended to read:

**Subd. 8. Effective date of rules.** A rule to adopt or amend the State Building Code is effective 270 days after publication of the rule's notice of adoption in the State Register. The rule may provide for a later effective date. The rule may provide for an earlier effective date if the commissioner or board proposing the rule finds that an earlier effective date is necessary to protect public health and safety after considering, among other things, the need for time for training of individuals to comply with and enforce the rule. The commissioner must publish an electronic version of the entire adopted rule chapter on the department's Web site within ten days of receipt from the revisor of statutes. The commissioner shall clearly indicate the effective date of the rule on the department's Web site.

Sec. 2. Minnesota Statutes 2014, section 326B.439, is amended to read:

**326B.439 BAN ON LEAD IN PLUMBING.**

~~Lead pipe~~; Solders and flux containing more than 0.2 percent lead, and pipes and pipe fittings containing not more than eight a weighted average of 0.25 percent lead when used with respect to the wetted surfaces of pipes, pipe fittings, plumbing fittings, and fixtures shall not be used in any plumbing installation which conveys a potable water supply. A Minnesota seller of lead solder, except for a seller whose primary business is contracting in plumbing, heating, and air conditioning, shall not sell any solder containing 0.2 percent lead unless the seller displays a sign which states,

"Contains Lead

Minnesota law prohibits the use of this solder in any  
plumbing installation which is connected to a potable water  
supply."

Sec. 3. Minnesota Statutes 2014, section 326B.49, subdivision 1, is amended to read:

**Subdivision 1. Application, examination, and license fees.** (a) Applications for master and journeyman plumber's licenses shall be made to the commissioner, with all fees required by section 326B.092. Unless the applicant is entitled to a renewal, the applicant shall be licensed by the commissioner only after passing a satisfactory examination developed and administered by the commissioner, based upon rules adopted by the Plumbing Board, showing fitness.

(b) All initial journeyman plumber's licenses shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made each odd-numbered year after issuance or renewal. All master plumber's licenses shall expire on December 31 of each even-numbered year after issuance or renewal. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of master and journeyman plumber's licenses from one year to two years. By June 30, 2011, All renewed master and journeyman plumber's licenses shall be two-year licenses.

(c) Applications for contractor licenses shall be made to the commissioner, with all fees required by section 326B.092. All contractor licenses shall expire on December 31 of each odd-numbered year after issuance or renewal.

(d) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the following licenses shall be considered business licenses: plumbing contractor and restricted plumbing contractor;

(2) the following licenses shall be considered master licenses: master plumber and restricted master plumber;

(3) the following licenses shall be considered journeyman licenses: journeyman plumber and restricted journeyman plumber; and

(4) the registration of an unlicensed individual under section 326B.47, subdivision 3, shall be considered an entry level license.

(e) For each filing of a certificate of responsible individual by an employer, the fee is \$100.

(f) The commissioner shall charge each person giving bond under section 326B.46, subdivision 2, paragraph (b), a biennial bond filing fee of \$100, unless the person is a licensed contractor.

## ARTICLE 9

### UNEMPLOYMENT INSURANCE ADVISORY COUNCIL HOUSEKEEPING

Section 1. Minnesota Statutes 2014, section 268.035, subdivision 12, is amended to read:

Subd. 12. **Covered employment.** (a) "Covered employment" means the following unless excluded as "noncovered employment" under subdivision 20:

(1) an employee's entire employment during the calendar quarter if:

(i) the employment during the quarter is performed primarily in Minnesota;

(ii) the employment during the quarter is not performed primarily in Minnesota or any other state but some of the employment is performed in Minnesota and the base of operations or the place from which the employment is directed or controlled is in Minnesota; or

(iii) the employment during the quarter is not performed primarily in Minnesota or any other state and the base of operations or place from which the employment is directed or controlled is not in any state where part of the employment is performed, but the employee's residence is in Minnesota;

(2) an employee's entire employment during the calendar quarter performed within the United States or Canada, if:

(i) the employment is not considered covered employment under the unemployment insurance program of any other state, federal law, or the law of Canada; and

(ii) the place from which the employment is directed or controlled is in Minnesota;

(3) the employment during the calendar quarter, performed entirely outside of the United States and Canada, by an employee who is a United States citizen in the employ of an American employer if the employer's principal place of business in the United States is located in Minnesota. An "American employer," for the purposes of this clause, means a corporation organized under the laws of any state, an individual who is a resident of the United States, or a partnership if two-thirds or more of the partners are residents of the United States, or a trust, if all of the trustees are residents of the United States; and

(4) all employment during the calendar quarter performed by an officer or member of the crew of an American vessel on or in connection with the vessel, if the operating office from which the operations of the vessel operating on navigable waters within, or within and without, the United States are ordinarily and regularly supervised, managed, directed, and controlled is in Minnesota.

(b) "Covered employment" includes covered agricultural employment under subdivision 11.

(c) For the purposes of satisfying the period of ineligibility under section 268.095, subdivision 10, "covered employment" includes covered employment under an unemployment insurance program:

(1) of any other state; or

(2) established by an act of Congress.

**EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to all matters pending a determination or a decision by an unemployment law judge.

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 29, is amended to read:

**Subd. 29. Wages.** (a) "Wages" means all compensation for employment, including commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer; sickness and accident disability payments, except as otherwise provided in this subdivision; and the cash value of housing, utilities, meals, exchanges of services, and any other goods and services provided to compensate an employee, except:

(1) the amount of any payment made to, or on behalf of, an employee under a plan established by an employer that makes provision for employees generally or for a class or classes of employees, including any amount paid by an employer for insurance or annuities, or into a plan, to provide for a payment, on account of (i) retirement or (ii) medical and hospitalization expenses in connection with sickness or accident disability, or (iii) death;

(2) the payment by an employer of the tax imposed upon an employee under United States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect to compensation paid to an employee for domestic employment in a private household of the employer or for agricultural employment;

(3) any payment made to, or on behalf of, an employee or beneficiary (i) from or to a trust described in United States Code, title 26, section 401(a) of the federal Internal Revenue Code, that is exempt from tax under section 501(a) at the time of the payment unless the payment is made to an employee of the trust as compensation for services as an employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at the time of the payment, is a plan described in section 403(a);

(4) the value of any special discount or markdown allowed to an employee on goods purchased from or services supplied by the employer where the purchases are optional and do not constitute regular or systematic payment for services;

(5) customary and reasonable directors' fees paid to individuals who are not otherwise employed by the corporation of which they are directors;

(6) the payment to employees for reimbursement of meal expenses when employees are required to perform work after their regular hours;

(7) the payment into a trust or plan for purposes of providing legal or dental services if provided for all employees generally or for a class or classes of employees;

(8) the value of parking facilities provided or paid for by an employer, in whole or in part, if provided for all employees generally or for a class or classes of employees;

(9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral, or other right;

(10) advances or reimbursements for traveling or other bona fide ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer. Traveling and other reimbursed expenses must be identified either by making separate payments or by specifically indicating the separate amounts where both wages and expense allowances are combined in a single payment;

(11) residual payments to radio, television, and similar artists that accrue after the production of television commercials, musical jingles, spot announcements, radio transcriptions, film sound tracks, and similar activities;

(12) the income to a former employee resulting from the exercise of a nonqualified stock option;

(13) ~~payments made to supplement supplemental unemployment benefits benefit payments under a plan established by an employer, that makes provisions for employees generally or for a class or classes of employees under the written terms of an agreement, contract, trust arrangement, or other instrument if the payment is not wages under the Federal Unemployment Tax Act. The plan must provide supplemental payments are wages unless made solely for the supplementing of weekly state or federal unemployment benefits. The plan must provide supplemental payments only for those weeks the applicant has been paid regular, extended, or additional unemployment benefits. The supplemental payments, when combined with the applicant's weekly unemployment benefits paid, may not exceed the applicant's regular weekly pay. The plan must not allow the assignment of Supplemental unemployment benefit payments or provide for any type of additional payment. The plan must not require may not be assigned, nor may any consideration be required from the applicant, other than a release of claims, and must not be designed for the purpose of avoiding the payment of Social Security obligations, or unemployment taxes on money disbursed from the plan in order to be excluded from wages;~~

(14) sickness or accident disability payments made by the employer after the expiration of six calendar months following the last calendar month that the individual worked for the employer;

(15) disability payments made under the provisions of any workers' compensation law;

(16) sickness or accident disability payments made by a third-party payer such as an insurance company; or

(17) payments made into a trust fund, or for the purchase of insurance or an annuity, to provide for sickness or accident disability payments to employees under a plan or system established by the employer that provides for the employer's employees generally or for a class or classes of employees.

(b) Nothing in this subdivision excludes from the term "wages" any payment made under any type of salary reduction agreement, including payments made under a cash or deferred arrangement and cafeteria plan, as defined in United States Code, title 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the employee has the option to receive the payment in cash.

(c) Wages includes the total payment to the operator and supplier of a vehicle or other equipment where the payment combines compensation for personal services as well as compensation for the cost of operating and hiring the equipment in a single payment. This paragraph does not apply if:

(1) there is a preexisting written agreement providing for allocation of specific amounts; or

(2) at the time of each payment there is a written acknowledgement acknowledgment indicating the separate allocated amounts.

(d) Wages includes payments made for services as a caretaker. Unless there is a contract or other proof to the contrary, compensation is considered as being equally received by a married couple where the employer makes payment to only one spouse, or by all tenants of a household who perform services where two or more individuals share the same dwelling and the employer makes payment to only one individual.

(e) Wages includes payments made for services by a migrant family. Where services are performed by a married couple or a family and an employer makes payment to only one individual, each worker is considered as having received an equal share of the compensation unless there is a contract or other proof to the contrary.

(f) Wages includes advances or draws against future earnings, when paid, unless the payments are designated as a loan or return of capital on the books of the employer at the time of payment.

(g) Wages includes payments made by a subchapter "S" corporation, as organized under the Internal Revenue Code, to or on behalf of officers and shareholders that are reasonable compensation for services performed for the corporation.

For a subchapter "S" corporation, wages does not include:

(1) a loan for business purposes to an officer or shareholder evidenced by a promissory note signed by an officer before the payment of the loan proceeds and recorded on the books and records of the corporation as a loan to an officer or shareholder;

(2) a repayment of a loan or payment of interest on a loan made by an officer to the corporation and recorded on the books and records of the corporation as a liability;

(3) a reimbursement of reasonable corporation expenses incurred by an officer and documented by a written expense voucher and recorded on the books and records of the corporation as corporate expenses; and

(4) a reasonable lease or rental payment to an officer who owns property that is leased or rented to the corporation.

Sec. 3. Minnesota Statutes 2015 Supplement, section 268.085, subdivision 2, is amended to read:

**Subd. 2. Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at the beginning of any time during the week, has an outstanding fraud overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;

(4) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

(5) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

(6) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

(7) with respect to which the applicant has filed an application for unemployment benefits under any federal law or the law of any other state. If the appropriate agency finally determines that the applicant is not entitled to establish a benefit account under federal law or the law of any other state, this clause does not apply.

Sec. 4. Minnesota Statutes 2014, section 268.0865, subdivision 3, is amended to read:

**Subd. 3. Continued request for unemployment benefits by electronic transmission.** (a) A continued request for unemployment benefits by electronic transmission must be filed to that electronic mail address, telephone number, or Internet address prescribed by the commissioner for that applicant. In order to constitute a continued request, all information asked for, including information authenticating that the applicant is sending the transmission, must be provided in the format required. If all of the information asked for is not provided, the communication does not constitute a continued request for unemployment benefits.

(b) The continued request by electronic transmission communication must be filed within four calendar weeks following the week for which payment is requested on the date day of the week and during the time of day designated for the applicant for filing a continued request by electronic transmission.

(c) If the electronic transmission continued request is not filed as required under paragraph (b), a continued request by electronic transmission must be accepted if the applicant files the continued request by electronic transmission within three calendar weeks following the week for which payment is requested. If the continued request by electronic transmission is not filed within three four calendar weeks following the week for which payment is requested, the electronic continued request will not be accepted and the applicant is ineligible for unemployment benefits for the period covered by the continued request, unless the applicant shows good cause for failing to file the continued request by electronic transmission within the time period required.

Sec. 5. Minnesota Statutes 2014, section 268.0865, subdivision 4, is amended to read:

**Subd. 4. Continued request for unemployment benefits by mail.** (a) A continued request for unemployment benefits by mail must be on a form prescribed by the commissioner. The form, in order to constitute a continued request, must be totally completed and signed by the applicant. The form must be filed by mail, in an envelope with postage prepaid, and sent to the address designated during the week following the week for which payment is requested.

(b) If the mail continued request for unemployment benefits is not filed as required under paragraph (a), a continued request must be accepted if the form is filed by mail within three four calendar weeks following the week for which payment is requested.

(b) If the continued request form is not filed within three four calendar weeks following the week for which payment is requested, the form will not be accepted and the applicant is ineligible for unemployment benefits for the period covered by the continued request for unemployment benefits, unless the applicant shows good cause for failing to file the form by mail within the time period required.

(c) If the applicant has been designated to file a continued request for unemployment benefits by mail, an applicant may submit the form by facsimile transmission within three four calendar weeks following the week for which payment is requested. A form submitted by facsimile transmission must be sent only to the telephone number assigned for that purpose.

(d) An applicant who has been designated to file a continued request by mail may personally deliver a continued request form only to the location to which the form was otherwise designated to be mailed.

Sec. 6. Minnesota Statutes 2014, section 268.095, subdivision 2, is amended to read:

**Subd. 2. Quit defined.** (a) A quit from employment occurs when the decision to end the employment was, at the time the employment ended, the employee's.

(b) When determining if an applicant quit, the theory of a constructive quit does not apply.

(b) (c) An employee who has been notified that the employee will be discharged in the future, who chooses to end the employment while employment in any capacity is still available, is considered to have has quit the employment.

(e) (d) An employee who seeks to withdraw a previously submitted notice of quitting is considered to have has quit the employment, as of the intended date of quitting, if the employer does not agree that the notice may be withdrawn.

(d) (e) An applicant who has quit employment with a staffing service if, within five calendar days after completion of a suitable job assignment from a staffing service, the applicant:

(1) fails without good cause to affirmatively request an additional suitable job assignment; or

(2) refuses without good cause an additional suitable job assignment offered; or

(3) accepts employment with the client of the staffing service, is considered to have quit employment with the staffing service. Accepting employment with the client of the staffing service meets the requirements of the exception to ineligibility under subdivision 1, clause (2).

This paragraph applies only if, at the time of beginning of employment with the staffing service, the applicant signed and was provided a copy of a separate document written in clear and concise

language that informed the applicant of this paragraph and that unemployment benefits may be affected.

For purposes of this paragraph, "good cause" is a reason that is significant and would compel an average, reasonable worker, who would otherwise want an additional suitable job assignment with the staffing service (1) to fail to contact the staffing service, or (2) to refuse an offered assignment.

Sec. 7. Minnesota Statutes 2014, section 268.095, subdivision 5, is amended to read:

**Subd. 5. Discharge defined.** (a) A discharge from employment occurs when any words or actions by an employer would lead a reasonable employee to believe that the employer will no longer allow the employee to work for the employer in any capacity. A layoff because of lack of work is considered a discharge. A suspension from employment without pay of more than 30 calendar days is considered a discharge.

(b) When determining if an applicant was discharged, the theory of a constructive discharge does not apply.

(c) An employee who gives notice of intention to quit the employment and is not allowed by the employer to work the entire notice period is considered discharged from the employment as of the date the employer will no longer allow the employee to work. If the discharge occurs within 30 calendar days before the intended date of quitting, then, as of the intended date of quitting, the separation from employment is considered a quit from employment subject to subdivision 1.

(d) The end of a job assignment with the client of a staffing service is considered a discharge from employment with the staffing service unless subdivision 2, paragraph (d), applies.

Sec. 8. Minnesota Statutes 2014, section 268.18, is amended to read:

## **268.18 UNEMPLOYMENT BENEFIT OVERPAYMENTS.**

**Subdivision 1. Nonfraud Repaying an overpayment.** (a) Any applicant who (1) because of a determination or amended determination issued under section 268.07 or 268.101, or any other section of this chapter, or (2) because of an unemployment law judge's decision under section 268.105, has received any unemployment benefits that the applicant was held not entitled to, is overpaid the benefits, and must promptly repay the unemployment benefits to the trust fund.

(b) If the applicant fails to repay the unemployment benefits overpaid, the commissioner may offset from any future unemployment benefits otherwise payable the amount of the overpayment. Except when the overpayment resulted because the applicant failed to report deductible earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made. The overpayment may also include any penalty and interest assessed under subdivisions 2 and 2b, the total due may be collected by the methods allowed under state and federal law.

(c) If an applicant has been overpaid unemployment benefits under the law of another state, because of a reason other than fraud, and that state certifies that the applicant is liable under its law to repay the unemployment benefits and requests the commissioner to recover the overpayment, the commissioner may offset from future unemployment benefits otherwise payable the amount of overpayment, except that no single offset may exceed 50 percent of the amount of the payment from which the offset is made.

Subd. 2. **Overpayment because of fraud.** (a) An applicant who receives has committed fraud if the applicant is overpaid unemployment benefits by:

- (1) knowingly misrepresenting, misstating, or failing to disclose any material fact; or who makes
- (2) making a false statement or representation without a good faith belief as to the correctness of the statement or representation, has committed fraud.

After the discovery of facts indicating fraud, the commissioner must make issue a determination that the applicant obtained unemployment benefits by fraud and that the applicant must promptly repay the unemployment benefits to the trust fund. In addition, the commissioner must assess of overpayment penalty assessing a penalty equal to 40 percent of the amount fraudulently obtained overpaid. This penalty is in addition to penalties under section 268.182. The determination is effective the Sunday of the week that it was issued.

(b) Unless the applicant files an appeal within 20 calendar days after the sending of the a determination of overpayment by fraud penalty to the applicant by mail or electronic transmission, the determination is final. Proceedings on the appeal are conducted in accordance with section 268.105.

(c) If the applicant fails to repay the unemployment benefits, penalty, and interest assessed, the total due may be collected by the methods allowed under state and federal law. A determination of overpayment by fraud penalty must state the methods of collection the commissioner may use to recover the overpayment, penalty, and interest assessed. Money received in repayment of fraudulently obtained overpaid unemployment benefits, penalties, and interest is first applied to the unemployment benefits overpaid, then to the penalty amount due, then to any interest due. 62.5 percent of the payments made toward the penalty are credited to the contingent account and 37.5 percent credited to the trust fund.

(d) If an applicant has been overpaid unemployment benefits under the law of another state because of fraud and that state certifies that the applicant is liable to repay the unemployment benefits and requests the commissioner to recover the overpayment, the commissioner may offset from future unemployment benefits otherwise payable the amount of overpayment.

(e) Regardless of the limitations in section 268.101, subdivision 2, paragraph (e), unemployment benefits paid for weeks more than four years before the date of (d) A determination of overpayment by fraud issued penalty under this subdivision are not considered overpaid unemployment benefits may be issued within 48 months of the establishment of the benefit account upon which the unemployment benefits were obtained through fraud.

Subd. 2b. **Interest.** On any unemployment benefits fraudulently obtained, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest at the rate of one percent per month on any amount that remains unpaid beginning 30 calendar days after the date of the a determination of overpayment by fraud penalty. A determination of overpayment by fraud penalty must state that interest will be assessed. Interest is assessed in the same manner as on employer debt under section 268.057, subdivision 5. Interest payments collected under this subdivision are credited to the trust fund.

Subd. 3a. **Offset of federal unemployment benefits.** The commissioner is authorized to enter into reciprocal agreements with the United States Secretary of Labor, whereby, (a) The commissioner may offset from any future unemployment benefits otherwise payable the amount of

a nonfraud overpayment. Except when the nonfraud overpayment resulted because the applicant failed to report deductible earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made.

(b) Overpayments of unemployment benefits as determined under a federal law program, may be recovered by offset from unemployment future benefits otherwise payable and.

(c) If an applicant has been overpaid unemployment benefits under the law of another state, the commissioner may offset from future benefits otherwise payable the amount of overpayment.

(d) Nonfraud unemployment benefit overpayments under subdivisions 1 and 2 may be recovered by offset from unemployment future benefits otherwise payable under a federal program.

Subd. 4. **Cancellation of overpayments.** (a) If unemployment benefits overpaid under subdivision 1 for reasons other than fraud are not repaid or offset from subsequent unemployment benefits as provided for in subdivision 1 within six years after the date of the determination or decision holding the applicant overpaid, the commissioner must cancel the overpayment balance, and no administrative or legal proceedings may be used to enforce collection of those amounts.

(b) If unemployment benefits determined overpaid under subdivision 2 because of fraud including penalties and interest are not repaid within ten years after the date of the determination of overpayment by fraud penalty, the commissioner must cancel the overpayment balance and any penalties and interest due, and no administrative or legal proceeding may be used to enforce collection of those amounts.

(c) The commissioner may cancel at any time any overpayment, including penalties and interest, that the commissioner determines is uncollectible because of death or bankruptcy.

Subd. 4a. **Court fees; collection fees.** (a) If the commissioner department is required to pay any court fees in an attempt to enforce collection of overpaid unemployment benefits, penalties, or interest, the commissioner may add the amount of the court fees may be added to the total amount due.

(b) If an applicant who has been determined overpaid unemployment benefits because of fraud seeks to have any portion of the debt discharged under the federal bankruptcy code, and the commissioner department files an objection in bankruptcy court to the discharge, the commissioner may add the commissioner's cost of any court fees may be added to the debt if the bankruptcy court does not discharge the debt.

(c) If the Internal Revenue Service assesses the commissioner department a fee for offsetting from a federal tax refund the amount of any overpayment, including penalties and interest, the amount of the fee may be added to the total amount due. The offset amount must be put in the trust fund and that amount credited to the total amount due from the applicant.

Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of unemployment benefits, including any penalties and interest, is not considered an election of a method of recovery.

(b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter under section 176.361 is not considered an election of a remedy and does not prevent the commissioner from determining any unemployment benefits overpaid under subdivision 1 or 2 or taking action under section 268.182.

Subd. 6. **Collection of overpayments.** (a) The commissioner may not compromise the amount that has been determined of any overpaid under this section unemployment benefits including penalties and interest.

(b) The commissioner has discretion regarding the recovery of any overpayment under subdivision † for reasons other than fraud. Regardless of any law to the contrary, the commissioner is not required to refer any amount determined overpaid under subdivision † overpayment for reasons other than fraud to a public or private collection agency, including agencies of this state.

(c) Amounts determined overpaid under subdivision † for reasons other than fraud are not considered a "debt" to the state of Minnesota for purposes of any reporting requirements to the commissioner of management and budget.

(d) A pending appeal under section 268.105 does not suspend the assessment of interest, penalties, or collection of an overpayment under this section.

(e) Section 16A.626 applies to the repayment by an applicant of any overpayment, penalty, or interest under this section.

Sec. 9. Laws 2015, First Special Session chapter 1, article 6, section 16, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective the day following final enactment and is retroactive to March 1, 2015. This section expires on June 1, 2016 December 1, 2016.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to March 1, 2015.

Sec. 10. **EFFECTIVE DATE.**

This article is effective July 31, 2016, unless indicated otherwise.

## ARTICLE 10

### UNEMPLOYMENT INSURANCE ADVISORY COUNCIL TECHNICAL

Section 1. Minnesota Statutes 2014, section 268.035, is amended by adding a subdivision to read:

Subd. 12e. **Earnings.** "Earnings" means all compensation to which the applicant has a legal claim and is earned income under state and federal law for income tax purposes.

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment for an instrumentality wholly owned by a foreign government, if the employment is of a character similar to that performed in foreign countries by employees of the United States government or an instrumentality thereof and the United States Secretary of State has certified that the foreign government grants an equivalent exemption to similar employment performed in the foreign country by employees of the United States government and instrumentalities thereof;

(5) (4) employment covered under United States Code, title 45, section 351, the federal Railroad Unemployment Insurance Act;

(6) employment covered by a reciprocal arrangement between the commissioner and another state or the federal government that provides that all employment performed by an individual for an employer during the period covered by the reciprocal arrangement is considered performed entirely within another state;

(7) (5) employment for a church or convention or association of churches, or an a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a);

(8) (6) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order, for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a);

(9) (7) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a) in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(10) (8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program assisted or financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause applies only to employment for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a). This clause does not apply to programs that require unemployment benefit coverage for the participants;

(11) (9) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(12) (10) employment as a member of the Minnesota National Guard or Air National Guard;

(13) (11) employment for Minnesota; or a political subdivision, or instrumentality thereof, ~~as an employee of an individual~~ serving only on a temporary basis in case of fire, flood, tornado, or similar emergency;

(14) (12) employment as an election official or election worker for Minnesota or a political subdivision, ~~but only~~ if the compensation for that employment was less than \$1,000 in a calendar year;

(15) (13) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(16) (14) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(17) (15) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(18) (16) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority ~~performed for a person, only,~~ if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than \$1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(19) (17) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(20) (18) employment of an inmate of a custodial or penal institution;

(21) (19) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(22) (20) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(23) (21) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

(24) (22) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

(25) (23) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

(26) (24) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

(27) (25) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

(28) (26) employment as an officer of a township mutual insurance company or farmer's mutual insurance company ~~operating~~ under chapter 67A;

(29) (27) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

(30) (28) employment as a real estate salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission;

(31) (29) employment as a direct seller as defined in United States Code, title 26, section 3508;

(32) (30) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(33) (31) casual employment performed for an individual, other than domestic employment under clause (18) (16), that does not promote or advance that employer's trade or business;

(34) (32) employment in "agricultural employment" unless ~~considered it is~~ "covered agricultural employment" under subdivision 11; or

(35) (33) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is ~~considered~~ covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is ~~considered~~ noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 3. Minnesota Statutes 2014, section 268.035, is amended by adding a subdivision to read:

**Subd. 20b. Nonprofit organization.** "Nonprofit organization" means an organization described in United States Code, title 26, section 501(c)(3), and is exempt from income tax under section 501(a).

Sec. 4. Minnesota Statutes 2014, section 268.035, subdivision 23a, is amended to read:

**Subd. 23a. Suitable employment.** (a) Suitable employment means employment in the applicant's labor market area that is reasonably related to the applicant's qualifications. In determining whether any employment is suitable for an applicant, the degree of risk involved to the health and safety, physical fitness, prior training, experience, length of unemployment, prospects for securing employment in the applicant's customary occupation, and the distance of the employment from the applicant's residence is considered.

(b) In determining what is suitable employment, primary consideration is given to the temporary or permanent nature of the applicant's separation from employment and whether the applicant has favorable prospects of finding employment in the applicant's usual or customary occupation at the applicant's past wage level within a reasonable period of time.

If prospects are unfavorable, employment at lower skill or wage levels is suitable if the applicant is reasonably suited for the employment considering the applicant's education, training, work experience, and current physical and mental ability.

The total compensation must be considered, including the wage rate, hours of employment, method of payment, overtime practices, bonuses, incentive payments, and fringe benefits.

(c) When potential employment is at a rate of pay lower than the applicant's former rate, consideration must be given to the length of the applicant's unemployment and the proportion of difference in the rates. Employment that may not be suitable because of lower wages during the early weeks of the applicant's unemployment may become suitable as the duration of unemployment lengthens.

(d) For an applicant seasonally unemployed, suitable employment includes temporary work in a lower skilled occupation that pays average gross weekly wages equal to or more than 150 percent of the applicant's weekly unemployment benefit amount.

(e) If a majority of the applicant's weeks of employment in the base period includes part-time employment, part-time employment in a position with comparable skills and comparable hours that pays comparable wages is considered suitable employment.

Full-time employment is not considered suitable employment for an applicant if a majority of the applicant's weeks of employment in the base period includes part-time employment.

(f) To determine suitability of employment in terms of shifts, the arrangement of hours in addition to the total number of hours is to be considered. Employment on a second, third, rotating, or split shift is suitable employment if it is customary in the occupation in the labor market area.

(g) Employment is not considered suitable if:

(1) the position offered is vacant because of a labor dispute;

(2) the wages, hours, or other conditions of employment are substantially less favorable than those prevailing for similar employment in the labor market area; or

(3) as a condition of becoming employed, the applicant would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

(4) the employment is with a staffing service and less than 25 percent of the applicant's wage credits are from a job assignment with the client of a staffing service.

(h) A job assignment with a staffing service is considered suitable only if 25 percent or more of the applicant's wage credits are from job assignments with clients of a staffing service and the job assignment meets the definition of suitable employment under paragraph (a).

Sec. 5. Minnesota Statutes 2014, section 268.085, subdivision 4, is amended to read:

**Subd. 4. Social Security old age insurance benefits.** (a) Any applicant aged 62 or over is required to state when filing an application for unemployment benefits and when filing continued

requests for unemployment benefits if the applicant is receiving, has filed for, or intends to file for, primary Social Security old age benefits.

(b) Unless paragraph (b) (c) applies, 50 percent of the weekly equivalent of the primary Social Security old age benefit the applicant has received, has filed for, or intends to file for, with respect to that week must be deducted from an applicant's weekly unemployment benefit amount.

(b) (c) If all of the applicant's wage credits were earned while the applicant was claiming Social Security old age benefits, there is no deduction of the Social Security benefits from the applicant's weekly unemployment benefit amount.

(e) (d) Information from the Social Security Administration is considered conclusive, absent specific evidence showing that the information was erroneous.

(d) (e) This subdivision does not apply to Social Security survivor benefits.

Sec. 6. Minnesota Statutes 2014, section 268.085, subdivision 5, is amended to read:

Subd. 5. **Deductible earnings.** (a) If the applicant has earnings, including holiday pay, with respect to any week, from employment, covered employment, noncovered employment, self-employment, or volunteer work, equal to or in excess of the applicant's weekly unemployment benefit amount, the applicant is ineligible for unemployment benefits for that week.

(b) If the applicant has earnings, including holiday pay, with respect to any week, that is less than the applicant's weekly unemployment benefit amount, from employment, covered employment, noncovered employment, self-employment, or volunteer work, 50 percent of the earnings are deducted from the weekly unemployment benefit amount.

(c) No deduction is made from an applicant's weekly unemployment benefit amount for earnings from service in the National Guard or a United States military reserve unit or from direct service as a volunteer firefighter or volunteer ambulance service personnel. This exception to paragraphs (a) and (b) does not apply to on-call or standby pay provided to a volunteer firefighter or volunteer ambulance service personnel. No deduction is made for jury duty pay or for pay as an election judge.

(d) The applicant may report deductible earnings on continued requests for unemployment benefits at the next lower whole dollar amount.

(e) Deductible earnings does not include any money considered that is a deductible payment under subdivision 3, but includes all compensation considered wages under section 268.035, subdivision 29, and any other compensation considered earned income under state and federal law for income tax purposes.

#### Sec. 7. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall change "liability" to "liability for damages" in Minnesota Rules, part 3315.0555, subpart 1.

(b) The revisor of statutes shall change "entitled to" to "eligible for" in Minnesota Statutes, section 268.085, subdivision 1, clause (6).

(c) The revisor of statutes shall change "shall calculate" to "must calculate" in Minnesota Statutes, section 268.035, subdivision 23.

(d) The revisor of statutes shall renumber Minnesota Statutes, section 268.035, subdivision 12d, to subdivision 12f.

(e) The revisor of statutes shall reletter the paragraphs in Minnesota Statutes, section 268.085, subdivision 4, as follows:

(1) paragraph (a) shall be relettered paragraph (c); and

(2) paragraph (c) shall be relettered paragraph (a).

(f) The revisor of statutes shall renumber the reference to "clause (29)" to "clause (27)" in Minnesota Statutes, section 268.046, subdivision 1.

(g) The revisor of statutes shall renumber the reference to "clause (10)" to "clause (8)" in Minnesota Statutes, section 383C.19.

**Sec. 8. EFFECTIVE DATE.**

This article is effective July 31, 2016, and applies to all matters pending a determination or a decision by an unemployment law judge.

**ARTICLE 11**

**UNEMPLOYMENT INSURANCE ADVISORY COUNCIL POLICY**

Section 1. Minnesota Statutes 2014, section 268.051, subdivision 5, is amended to read:

**Subd. 5. Tax rate for new employers.** (a) Each new taxpaying employer that does not qualify for an experience rating under subdivision 3, except new employers in a high experience rating industry, must be assigned, for a calendar year, a tax rate the higher of (1) one percent, or (2) the tax rate computed, to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid all applicants during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all taxpaying employers during the same period, plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c).

(b) Each new taxpaying employer in a high experience rating industry that does not qualify for an experience rating under subdivision 3, must be assigned, for a calendar year, a tax rate the higher of (1) that assigned under paragraph (a), or (2) the tax rate, computed to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid to all applicants from high experience rating industry employers during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all high experience rating industry employers during the same period, to a maximum provided for under subdivision 3, paragraph (b), plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c).

(c) An employer is considered to be in a high experience rating industry if:

(1) the employer is engaged in residential, commercial, or industrial construction, including general contractors;

(2) the employer is engaged in sand, gravel, or limestone mining;

(3) the employer is engaged in the manufacturing of concrete, concrete products, or asphalt; or

~~(4) the employer is engaged in road building, repair, or resurfacing, including bridge and tunnels and residential and commercial driveways and parking lots.~~

(a) Each new taxpaying employer that does not qualify for an experience rating under subdivision 3 must be assigned, for the calendar year, a tax rate equal to the average experience rating for the employer's industry, plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c). The tax rate assigned may not be less than one percent.

(b) The employer's industry, except for construction, is determined by the first two digits of the North American Industrial Classification System (NAICS). The construction industry is determined to five digits. For each calendar year the commissioner must compute, in accordance with subdivision 3, the average industry experience rating for the employer's industry.

~~(d)~~ (c) Regardless of any law to the contrary, a taxpaying employer must be assigned a tax rate under this subdivision if the employer had no taxable wages during the experience rating period under subdivision 3.

~~(e)~~ (d) The commissioner must send to the new employer, by mail or electronic transmission, a determination of tax rate. An employer may appeal the determination of tax rate in accordance with the procedures in subdivision 6, paragraph (c).

**EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to tax rates assigned for the calendar year 2018 and thereafter.

Sec. 2. Minnesota Statutes 2015 Supplement, section 268.07, subdivision 3b, is amended to read:

**Subd. 3b. Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating at within seven calendar days of the time date the application is filed. An application may be backdated only if the applicant was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for unemployment benefits was effective.

(c) A benefit account, once established, may later be withdrawn only if:

(1) the applicant has not been paid any unemployment benefits on that benefit account; and

(2) a new application for unemployment benefits is filed and a new benefit account is established at the time of the withdrawal.

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an

applicant may establish only one benefit account each 52 calendar weeks. This paragraph applies to benefit accounts established under any federal law or the law of any other state.

**EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to applications for unemployment benefits filed after that date.

Sec. 3. Minnesota Statutes 2014, section 268.095, subdivision 1, is amended to read:

Subdivision 1. **Quit.** An applicant who quit employment is ineligible for all unemployment benefits according to subdivision 10 except when:

(1) the applicant quit the employment because of a good reason caused by the employer as defined in subdivision 3;

(2) the applicant quit the employment to accept other covered employment that provided substantially equal to or better terms and conditions of employment, but the applicant did not work long enough at the second employment to have sufficient subsequent earnings wages paid to satisfy the period of ineligibility that would otherwise be imposed under subdivision 10 for quitting the first employment;

(3) the applicant quit the employment within 30 calendar days of beginning the employment because and the employment was unsuitable for the applicant;

(4) the employment was unsuitable for the applicant and the applicant quit to enter reemployment assistance training;

(5) the employment was part time and the applicant also had full-time employment in the base period, from which full-time employment the applicant separated because of reasons for which the applicant ~~was held~~ is not to be ineligible, and the wage credits from the full-time employment are sufficient to meet the minimum requirements to establish a benefit account under section 268.07;

(6) the applicant quit because the employer notified the applicant that the applicant was going to be laid off because of lack of work within 30 calendar days. An applicant who quit employment within 30 calendar days of a notified date of layoff because of lack of work is ineligible for unemployment benefits through the end of the week that includes the scheduled date of layoff;

(7) the applicant quit the employment (i) because the applicant's serious illness or injury made it medically necessary that the applicant quit; or (ii) in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant. This exception only applies if the applicant informs the employer of the medical problem and requests accommodation and no reasonable accommodation is made available.

If the applicant's serious illness is chemical dependency, this exception does not apply if the applicant was previously diagnosed as chemically dependent or had treatment for chemical dependency, and since that diagnosis or treatment has failed to make consistent efforts to control the chemical dependency.

This exception raises an issue of the applicant's being available for suitable employment under section 268.085, subdivision 1, that the commissioner must determine;

(8) the applicant's loss of child care for the applicant's minor child caused the applicant to quit the employment, provided the applicant made reasonable effort to obtain other child care and requested time off or other accommodation from the employer and no reasonable accommodation is available.

This exception raises an issue of the applicant's being available for suitable employment under section 268.085, subdivision 1, that the commissioner must determine;

(9) the applicant quit because domestic abuse, sexual assault, or stalking of the applicant or an immediate family member of the applicant, necessitated the applicant's quitting the employment.

For purposes of this subdivision:

(i) "domestic abuse" has the meaning given in section 518B.01;

(ii) "sexual assault" means an act that would constitute a violation of sections 609.342 to 609.3453 or 609.352; and

(iii) "stalking" means an act that would constitute a violation of section 609.749; or

(10) the applicant quit in order to relocate to accompany a spouse:

(1) who is in the military; or

(2) whose job was transferred by the spouse's employer to a new location ~~changed~~ making it impractical for the applicant to commute.

**EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to all matters pending a determination or a decision by an unemployment law judge.

Sec. 4. Minnesota Statutes 2014, section 268.101, subdivision 2, is amended to read:

**Subd. 2. Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant under subdivision 1, paragraph (a) or (c), and send to the applicant and any involved employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate. The determination on an issue of ineligibility as a result of a quit or a discharge of the applicant must state the effect on the employer under section 268.047. A determination must be made in accordance with this paragraph even if a notified employer has not raised the issue of ineligibility.

(b) The commissioner must determine any issue of ineligibility raised by an employer and send to the applicant and that employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility as is appropriate. The determination on an issue of ineligibility as a result of a quit or discharge of the applicant must state the effect on the employer under section 268.047.

If a base period employer:

(1) was not the applicant's most recent employer before the application for unemployment benefits;

(2) did not employ the applicant during the six calendar months before the application for unemployment benefits; and

(3) did not raise an issue of ineligibility as a result of a quit or discharge of the applicant within ten calendar days of notification under subdivision 1, paragraph (b);

then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two weeks following the week that the issue of ineligibility as a result of a quit or discharge of the applicant was raised by the employer.

A communication from an employer must specifically set out why the applicant should be determined ineligible for unemployment benefits for that communication to be considered to have raised an issue of ineligibility for purposes of this section. A statement of "protest" or a similar term without more information does not constitute raising an issue of ineligibility for purposes of this section.

(c) Subject to section 268.031, an issue of ineligibility is determined based upon that information required of an applicant, any information that may be obtained from an applicant or employer, and information from any other source.

(d) Regardless of the requirements of this subdivision, the commissioner is not required to send to an applicant a copy of the determination where the applicant has satisfied a period of ineligibility because of a quit or a discharge under section 268.095, subdivision 10.

(e) The commissioner may issue a determination on an issue of ineligibility at any time within 24 months from the establishment of a benefit account based upon information from any source, even if the issue of ineligibility was not raised by the applicant or an employer. This paragraph does not prevent the imposition of a penalty on

If an applicant obtained unemployment benefits through fraud under section 268.18, subdivision 2, or 268.182 a determination of ineligibility may be issued within 48 months of the establishment of the benefit account.

(f) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant or notified employer within 20 calendar days after sending. The determination must contain a prominent statement indicating the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268.105.

(g) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of unemployment benefits under this chapter except for issues under section 268.07. An issue of ineligibility for purposes of this section includes any question of effect on an employer under section 268.047.

~~(h) Except for issues of ineligibility as a result of a quit or discharge of the applicant, the employer will be (1) sent a copy of the determination of eligibility or a determination of ineligibility, or (2) considered an involved employer for purposes of an appeal under section 268.105, only if the employer raised the issue of ineligibility.~~

**EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to all matters pending a determination.

Sec. 5. Minnesota Statutes 2014, section 268.182, subdivision 2, is amended to read:

**Subd. 2. Administrative penalties.** (a) Any applicant who knowingly makes a false statement or representation, who knowingly fails to disclose a material fact, or who makes a false statement or representation without a good faith belief as to the correctness of the statement or representation, in order to obtain or in an attempt to obtain unemployment benefits may be assessed, in addition to any other penalties, an administrative penalty of being ineligible for unemployment benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by mail or electronic transmission. A determination of ineligibility under

this subdivision may be issued within 48 months of the establishment of the benefit account upon which the unemployment benefits were obtained, or attempted to be obtained. Unless an appeal is filed within 20 calendar days of sending, the determination is final. Proceedings on the appeal are conducted in accordance with section 268.105.

**EFFECTIVE DATE.** This section is effective July 31, 2016 and applies to all matters pending a determination.

## ARTICLE 12

### EQUITY

#### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

#### Sec. 2. EQUITY APPROPRIATIONS

<u>Subdivision 1. Total Appropriation</u>	\$	<u>-0-</u>	<u>\$ 35,000,000</u>
<u>Subd. 2. Department of Employment and Economic Development</u>		<u>-0-</u>	<u>34,250,000</u>

(a) \$1,500,000 in fiscal year 2017 is for grants to the Neighborhood Development Center for small business programs. For fiscal year 2018 and thereafter, the base amount is \$750,000 per year.

Of this amount, \$810,000 is for the small business development program, including:

- (1) \$620,000 for training, lending, and business services for aspiring business owners, and expansion of services for immigrants in suburban communities; and
- (2) \$190,000 is for Neighborhood Development Center model outreach and training activities in greater Minnesota.

Of this amount, \$690,000 is for grants for the small business incubator program, including:

(1) \$420,000 for capital improvements to existing small business incubators; and

(2) \$270,000 for the creation of two additional small business incubators.

(b) \$2,000,000 in fiscal year 2017 is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. All grant recipients are subject to the requirements of section 11. Of this amount, up to five percent is for administration and monitoring of the program. For fiscal year 2018 and thereafter, the base amount is \$1,500,000 per year.

(c) \$1,000,000 in fiscal year 2017 is for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. For fiscal year 2018 and thereafter, the base amount is \$250,000 per year.

(d) \$750,000 in fiscal year 2017 is for a grant to the YWCA of Minneapolis to provide economically challenged individuals the jobs skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. For fiscal year 2018 and thereafter, the base amount is \$375,000 per year.

(e) \$4,250,000 in fiscal year 2017 is for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities

with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. For fiscal year 2018 and thereafter, the base amount is \$1,000,000 per year.

(f) \$2,500,000 in fiscal year 2017 is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. For fiscal year 2018 and thereafter, the base amount is \$1,175,000 per year.

Of this appropriation, \$1,600,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital.

(g) \$1,000,000 in fiscal year 2017 is for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment.

(h) \$1,200,000 in fiscal year 2017 is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. For fiscal year 2018 and thereafter, the base amount is \$600,000 per year. Of the amount appropriated in fiscal year 2017, \$407,000 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College, for the Metro Transit technician training program. This is a onetime appropriation and is available until June 30, 2019.

(i) \$2,500,000 in fiscal year 2017 is for the creation of additional multiemployer, sector-based career connections pathways. This is a onetime appropriation and is available until June 30, 2019. \$2,200,000 of this amount is for a grant to Hennepin County to establish pathways using the Hennepin Career Connections framework. \$300,000 of this amount is for a grant to Hennepin County to establish a pilot program based on the career connections pathways framework outside the seven-county metropolitan area, in collaboration with another local unit of government.

(j) \$1,500,000 in fiscal year 2017 is for the high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. For fiscal year 2018 and thereafter, the base amount is \$1,000,000 per year.

(k) \$1,000,000 in fiscal year 2017 is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562, subdivision 3. Of this amount, up to five percent is for administration and monitoring of the program.

(l) \$2,000,000 in fiscal year 2017 is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Grant recipients under this paragraph are subject to the requirements of section 11. Of this amount, up to five percent is for administration and monitoring of the program. For fiscal year 2018 and thereafter, the base amount is \$1,000,000 per year.

(m) \$1,500,000 in fiscal year 2017 is for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment

and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. For fiscal year 2018 and thereafter, the base amount is \$750,000 per year.

(n) \$880,000 in fiscal year 2017 is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. The grant funds may be used to provide:

- (1) student tutoring and testing support services;
- (2) training in information technology;
- (3) assistance in obtaining a GED;
- (4) remedial training leading to enrollment in a postsecondary higher education institution;
- (5) real-time work experience in information technology fields; and
- (6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education. For fiscal year 2018 and thereafter, the base amount is \$250,000 per year.

(o) \$500,000 in fiscal year 2017 is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. For fiscal

year 2018 and thereafter, the base amount is \$125,000 per year.

(p) \$500,000 is for the Minnesota emerging entrepreneur program under Minnesota Statutes, section 116M.18. Of this amount, up to five percent is for administration and monitoring of the program. For fiscal year 2018 and thereafter, the base amount is \$750,000 per year.

(q) \$1,000,000 is for the Pathways to Prosperity adult workforce development competitive grant program. When awarding grants under this paragraph, the commissioner may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. A portion of the grants may provide year-end educational and experiential learning opportunities for teens and young adults that provide careers in the construction industry. Of this amount, up to five percent is for administration and monitoring of the program.

(r) \$320,000 is for the capacity building grant program to assist nonprofit organizations offering or seeking to offer workforce development and economic development programming. For fiscal year 2018 and thereafter, the base amount is \$1,000,000 per year.

(s) \$2,000,000 in fiscal year 2017 is for grants for positive youth development, community engagement, legal services, and capacity building for community-based organizations serving Somali youth, including youth engagement, prevention, and intervention activities that help build the resiliency of the Somali Minnesotan community and address challenges facing Somali youth. Of this amount, \$1,000,000 is for a grant to Youthprise for activities provided in this paragraph. Funded projects must provide culturally and linguistically relevant services. To the maximum extent possible, 50 percent of the funding must be distributed in greater

Minnesota, and 50 percent of funding must be distributed within the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. Of the amount appropriated for grants to be awarded by the commissioner, up to five percent is for administration and monitoring of the program. This is a onetime appropriation and is available until June 30, 2019.

(t) \$600,000 in fiscal year 2017 is for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building.

(u) \$1,750,000 in fiscal year 2017 is for a grant to Enterprise Minnesota, Inc. Of this amount, \$875,000 is for the small business growth acceleration program under Minnesota Statutes, section 116O.115, and \$875,000 is for operations under Minnesota Statutes, sections 116O.01 to 116O.061. For fiscal year 2018 and thereafter, the base amount is \$875,000 per year.

(v) \$1,000,000 in fiscal year 2017 is for grants to centers for independent living under Minnesota Statutes, section 268A.11. For fiscal year 2018 and thereafter, the base amount is \$500,000 per year.

(w) \$1,000,000 in fiscal year 2017 is from the general fund for State Services for the Blind. Funds appropriated must be used to provide services for senior citizens who are becoming blind. At least half of the funds appropriated must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes. For fiscal year 2018 and thereafter, the base amount is \$500,000 per year.

(x) \$2,000,000 in fiscal year 2017 is from the general fund for a grant to the Construction Careers Foundation for the

construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. For fiscal year 2018 and thereafter, the base amount is \$1,000,000 per year. Grant funds must be used to:

- (1) increase construction industry exposure activities for middle school and high school youth, parents, and counselors to reach a more diverse demographic and broader statewide audience. This requirement includes, but is not limited to, an expansion of programs to provide experience in different crafts to youth and young adults throughout the state;
- (2) increase the number of high schools in Minnesota offering construction classes during the academic year that utilize a multicraft curriculum;
- (3) increase the number of summer internship opportunities;
- (4) enhance activities to support graduating seniors in their efforts to obtain employment in the construction industry;
- (5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota's diverse workforce; and
- (6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

Programs and services supported by grant funds must give priority to individuals and groups that are economically disadvantaged or historically underrepresented in the construction industry, including but not limited to women, veterans, and members of minority and immigrant groups.

\$500,000 is for a grant to Build Wealth MN to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling.

\$250,000 is a onetime appropriation for grants to eligible applicants to create or expand risk mitigation programs to reduce landlord financial risks for renting to persons eligible under Minnesota Statutes, section 462A.204. Eligible programs may reimburse landlords for costs including but not limited to nonpayment of rent, or damage costs above those costs covered by security deposits. The agency may give higher priority to applicants that can demonstrate a matching amount of money by a local unit of government, business, or nonprofit organization. Grantees must establish a procedure to review and validate claims and reimbursements under this grant program.

Sec. 3. Minnesota Statutes 2014, section 16C.10, subdivision 6, is amended to read:

**Subd. 6. Expenditures under specified amounts.** A competitive solicitation process described in this chapter is not required for the acquisition of goods, services, construction, and utilities in an amount of \$5,000 or less or as authorized by section 16C.16, subdivisions 6, paragraph (b), 6a, paragraph (b), and 7, paragraph (b).

Sec. 4. Minnesota Statutes 2014, section 16C.16, subdivision 6, is amended to read:

**Subd. 6. Purchasing methods.** (a) The commissioner may award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses.

(b) The commissioner may award a contract for goods, services, or construction directly to a small business or small targeted group business without going through a competitive solicitation process up to a total contract award value, including extension options, of \$25,000.

(b) (c) The commissioner may designate a purchase of goods or services for award only to small businesses or small targeted group businesses if the commissioner determines that at least three small businesses or small targeted group businesses are likely to bid respond to a solicitation.

(e) (d) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small businesses or small targeted group businesses. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small businesses or small targeted group businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of small business or small targeted group business subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of

this paragraph do not apply to prime contractors who are small businesses or small targeted group businesses.

Sec. 5. Minnesota Statutes 2015 Supplement, section 16C.16, subdivision 6a, is amended to read:

**Subd. 6a. Veteran-owned small businesses.** (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, in the amount bid on state procurement to certified small businesses that are majority-owned and operated by veterans.

(b) The commissioner may award a contract for goods, services, or construction directly to a veteran-owned small business without going through a competitive solicitation process up to a total contract award value, including extension options, of \$25,000.

(c) The commissioner may designate a purchase of goods or services for award only to a veteran-owned small business if the commissioner determines that at least three veteran-owned small businesses are likely to respond to a solicitation.

(d) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to a veteran-owned small business. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified veteran-owned small businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of veteran-owned small business subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are veteran-owned small businesses.

(e) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

(f) Before the commissioner certifies that a small business is majority-owned and operated by a veteran, the commissioner of veterans affairs must verify that the owner of the small business is a veteran, as defined in section 197.447.

Sec. 6. Minnesota Statutes 2014, section 16C.16, subdivision 7, is amended to read:

**Subd. 7. Economically disadvantaged areas.** (a) Except as otherwise provided in paragraph (b), The commissioner may award up to a six percent preference in the amount bid on state procurement to small businesses located in an economically disadvantaged area.

(b) The commissioner may award up to a four percent preference in the amount bid on state construction to small businesses located in an economically disadvantaged area.

(b) The commissioner may award a contract for goods, services, or construction directly to a small business located in an economically disadvantaged area without going through a competitive solicitation process up to a total contract award value, including extension options, of \$25,000.

(c) The commissioner may designate a purchase of goods or services for award only to a small business located in an economically disadvantaged area if the commissioner determines that at least three small businesses located in an economically disadvantaged area are likely to respond to a solicitation.

(d) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to a small business located in an economically disadvantaged area. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small businesses located in an economically disadvantaged area are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of subcontractors that are small businesses located in an economically disadvantaged area and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small businesses located in an economically disadvantaged area.

(e) (e) A business is located in an economically disadvantaged area if:

- (1) the owner resides in or the business is located in a county in which the median income for married couples is less than 70 percent of the state median income for married couples;
- (2) the owner resides in or the business is located in an area designated a labor surplus area by the United States Department of Labor; or
- (3) the business is a certified rehabilitation facility or extended employment provider as described in chapter 268A.

(f) (f) The commissioner may designate one or more areas designated as targeted neighborhoods under section 469.202 or as border city enterprise zones under section 469.166 as economically disadvantaged areas for purposes of this subdivision if the commissioner determines that this designation would further the purposes of this section. If the owner of a small business resides or is employed in a designated area, the small business is eligible for any preference provided under this subdivision.

(g) (g) The Department of Revenue shall gather data necessary to make the determinations required by paragraph (e) (e), clause (1), and shall annually certify counties that qualify under paragraph (e) (e), clause (1). An area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination of the designation by the United States Department of Labor.

Sec. 7. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

Subd. 7a. Designated purchases and subcontractor goals. (a) When designating purchases directly to a business in accordance with this section, the commissioner may also designate a purchase of goods or services directly to any combination of small businesses, small targeted group businesses, veteran-owned small businesses or small businesses located in an economically disadvantaged area if the commissioner determines that at least three businesses in two or more of the disadvantaged business categories are likely to respond.

(b) When establishing subcontractor goals under this section, the commissioner may set goals that require the prime contractor to subcontract a portion of the contract to any combination of

a small business, small targeted group business, veteran-owned small business, or small business located in an economically disadvantaged area.

Sec. 8. Minnesota Statutes 2014, section 16C.16, subdivision 11, is amended to read:

**Subd. 11. Procurement procedures.** All laws and rules pertaining to solicitations, bid evaluations, contract awards, and other procurement matters apply equally to procurements designated for small businesses or small targeted group businesses involving any small business, small targeted group business, veteran-owned business, or small business located in an economically disadvantaged area. In the event of conflict with other rules, section 16C.15 and rules adopted under it govern, if section 16C.15 applies. If it does not apply, sections 16C.16 to 16C.21 and rules adopted under those sections govern.

**Sec. 9. [116L.562] YOUTH-AT-WORK GRANT PROGRAM.**

Subdivision 1. Establishment. The commissioner shall award grants to eligible organizations for the purpose of providing workforce development and training opportunities to economically disadvantaged or at-risk youth ages 14 to 24.

Subd. 2. Definitions. For purposes of this section:

- (1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;
- (2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and
- (3) "economically disadvantaged" means youth who are economically disadvantaged as defined in United States Code, title 29, section 1503.

Subd. 3. Competitive grant awards. (a) In awarding competitive grants, priority shall be given to programs that:

- (1) provide students with information about education and training requirements for careers in high-growth, in-demand occupations;
  - (2) serve youth from communities of color who are under represented in the workforce; or
  - (3) serve youth with disabilities.
- (b) Eligible organizations must have demonstrated effectiveness in administering youth workforce programs and must leverage nonstate or private sector funds.
- (c) New eligible applicants must be youth-serving organizations with significant capacity and demonstrable youth development experience and outcomes to operate a youth workforce development project.
- (d) If a program is not operated by a local unit of government or a workforce development board, the grant recipient must coordinate the program with the local workforce development board.

Subd. 4. Reports. Each grant recipient shall report to the commissioner in a format to be determined by commissioner.

Sec. 10. Minnesota Statutes 2014, section 116L.99, is amended to read:

**116L.99 WOMEN AND HIGH-WAGE, HIGH-DEMAND, NONTRADITIONAL JOBS GRANT PROGRAM.**

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Eligible organization" includes, but is not limited to:

(1) community-based organizations experienced in serving women;

(2) employers;

(3) business and trade associations;

(4) labor unions and employee organizations;

(5) registered apprenticeship programs;

(6) secondary and postsecondary education institutions located in Minnesota; and

(7) workforce and economic development agencies.

(d) "High-wage, high-demand" means occupations that represent at least 0.1 percent of total employment in the base year, have an annual median salary which is higher than the average for the current year, and are projected to have more total openings as a share of employment than the average.

(e) "Low-income" means income less than 200 percent of the federal poverty guideline adjusted for a family size of four.

(f) "Nontraditional occupations" means those occupations in which women make up less than 25 percent of the workforce as defined under United States Code, title 20, section 2302.

(g) "Registered apprenticeship program" means a program registered under United States Code, title 29, section 50.

(h) "STEM" means science, technology, engineering, and math.

(i) "Women of color" means females age 18 and older who are American Indian, Asian, Black, or Hispanic.

(j) "Girls of color" means females under age 18 who are American Indian, Asian, Black, or Hispanic.

Subd. 2. **Grant program.** The commissioner shall establish the women and high-wage, high-demand, nontraditional jobs grant program to increase the number of women in high-wage, high-demand, nontraditional occupations. The commissioner shall make grants to eligible organizations for programs that encourage and assist women to enter high-wage, high-demand, nontraditional occupations including but not limited to those in the skilled trades, science, technology, engineering, and math (STEM) occupations. The commissioner must give

priority to programs that encourage and assist women of color to enter high-wage, high-demand, nontraditional occupations and STEM occupations.

**Subd. 3. Use of funds.** (a) Grant funds awarded under this section may be used for:

(1) recruitment, preparation, placement, and retention of women, including women of color, low-income women and women over 50 years old, in registered apprenticeships, postsecondary education programs, on-the-job training, and permanent employment in high-wage, high-demand, nontraditional occupations;

(2) secondary or postsecondary education or other training to prepare women to succeed in high-wage, high-demand, nontraditional occupations. Activities under this clause may be conducted by the grantee or in collaboration with another institution, including but not limited to a public or private secondary or postsecondary school;

(3) innovative, hands-on, best practices that stimulate interest in high-wage, high-demand, nontraditional occupations among girls, increase awareness among girls about opportunities in high-wage, high-demand, nontraditional occupations, or increase access to secondary programming leading to jobs in high-wage, high-demand, nontraditional occupations. Best practices include but are not limited to mentoring, internships, or apprenticeships for girls in high-wage, high-demand, nontraditional occupations;

(4) training and other staff development for job seeker counselors and Minnesota family investment program (MFIP) caseworkers on opportunities in high-wage, high-demand, nontraditional occupations;

(5) incentives for employers and sponsors of registered apprenticeship programs to retain women in high-wage, high-demand, nontraditional occupations for more than one year;

(6) training and technical assistance for employers to create a safe and healthy workplace environment designed to retain and advance women, including best practices for addressing sexual harassment, and to overcome gender inequity among employers and registered apprenticeship programs;

(7) public education and outreach activities to overcome stereotypes about women in high-wage, high-demand, nontraditional occupations, including the development of educational and marketing materials; and

(8) services to support for women in high-wage, high-demand, nontraditional occupations including but not limited to assistance with balancing work responsibilities; skills training and education; family caregiving; financial assistance for child care, transportation, and safe and stable housing; workplace issues resolution; and access to advocacy assistance and services; and

(9) recruitment, participation, and support of girls of color in approved training programs or a valid apprenticeship program subject to section 181A.07, subdivision 7.

(b) Grant applications must include detailed information about how the applicant plans to:

(1) increase women's participation in high-wage, high-demand occupations in which women are currently underrepresented in the workforce;

(2) comply with the requirements under subdivision 3; and

- (3) use grant funds in conjunction with funding from other public or private sources; and
- (4) collaborate with existing, successful programs for training, education, recruitment, preparation, placement, and retention of women of color in high-wage, high-demand, nontraditional occupations and STEM occupations.
- (c) In awarding grants under this subdivision, the commissioner shall give priority to eligible organizations:
- (1) with demonstrated success in recruiting and preparing women, especially low-income women, women of color, and women over 50 years old, for high-wage, high-demand, nontraditional occupations; and
- (2) that leverage additional public and private resources.
- (d) At least 50 percent of total grant funds must be awarded to programs providing services and activities targeted to low-income women and women of color.
- (e) The commissioner of employment and economic development in conjunction with the commissioner of labor and industry shall monitor the use of funds under this section, collect and compile information on the activities of other state agencies and public or private entities that have purposes similar to those under this section, and identify other public and private funding available for these purposes.

(f) By January 15, 2019, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over workforce development that details the use of grant funds. If data is available, the report must contain data that is disaggregated by race, cultural groups, family income, age, geographical location, migrant or foreign immigrant status, primary language, whether the participant is an English learner under Minnesota Statutes, section 124D.59, disability, and status of homelessness.

Sec. 11. **REQUIREMENTS FOR GRANTS TO INDIVIDUALLY SPECIFIED RECIPIENTS.**

(a) **Application.** This section applies to any grant funded under this act where the recipient of the grant is individually specified in this act. The commissioner serving as the fiscal agent for the grant must ensure compliance with the requirements of this section, and all applicable requirements under existing law, including applicable grants management policies and procedures established by the Office of Grants Management.

(b) **Prerequisites.** Before any funding is provided to the grant recipient, the recipient must provide the fiscal agent with a description of the following information in a grant application:

- (1) the purpose of the grant, including goals, priorities, and measurable outcomes;
- (2) eligibility requirements for individuals who will be served by the grant program;
- (3) the proposed geographic service areas for individuals served by the grant; and
- (4) the reporting requirements.

These requirements are in addition to any requirements under existing laws and policies.

(c) Financial Review. Office of Grants Management Operating Policy and Procedure number 08-06, titled "Policy on the Financial Review of Nongovernmental Organizations" applies in pertinent part to all grants covered by paragraph (a).

(d) Reporting to Fiscal Agent. In addition to meeting any reporting requirements included in the grant agreement, grant recipients subject to this section must provide the following information to the commissioner serving as fiscal agent:

- (1) a detailed accounting of the use of any grant proceeds;
- (2) a description of program outcomes to date, including performance measured against indicators specified in the grant agreement, including, but not limited to, job creation, employment activity, wage information, business formation or expansion, and academic performance; and
- (3) the portion of the grant, if any, spent on the recipient's operating expenses.

Grant recipients must report the information required under this paragraph to the fiscal agent within one year after receiving any portion of the grant, annually thereafter, and within 30 days following the use of all funds provided under the grant.

(e) Reporting to Legislature. Beginning January 15, 2017, a commissioner serving as a fiscal agent for a grant subject to this section must submit a report containing the information provided by the grant recipients to the chairs and ranking minority members of the legislative committees and budget divisions with jurisdiction over the agency serving as fiscal agent for the grant. The report submitted under this section must also include the commissioner's summary of the use of grant proceeds, and an analysis of the grant recipients' success in meeting the goals, priorities, and measurable outcomes specified for the grant. An updated version of this report must be submitted on January 15 of each succeeding year until January 15 in the year following the date when all of the grant funds have been spent.

#### Sec. 12. ETHNIC COUNCIL REVIEW.

The commissioners of each agency appropriated money in this article may consult with the four ethnic councils under Minnesota Statutes, sections 3.922 and 15.0145, regarding implementation of the programs funded under this article. Any request for proposals developed by a state agency as a result of this article may be reviewed by the four ethnic councils prior to public submission.

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

## **ARTICLE 13**

### **STATE DEPARTMENTS AND VETERANS**

#### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, chapter 77, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund. The figures "2016" and "2017" used in this article mean that the addition to the appropriation listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Supplemental appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016                    2017**

**Sec. 2. ADMINISTRATION**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>-0-</u>	<u>\$ 1,198,000</u>
<u>Subd. 2. Government and Citizen Services - Olmstead Plan Increased Capacity</u>		<u>-0-</u>	<u>148,000</u>
<u>For administrative costs to expand services provided under the Olmstead Plan serving people with disabilities.</u>			
<u>Subd. 3. Fiscal Agent - Veterans' Voices</u>		<u>-0-</u>	<u>50,000</u>
<u>For a grant to the Association of Minnesota Public Educational Radio Stations for statewide programming to promote the Veterans' Voices program. This is a onetime appropriation.</u>			
<u>Subd. 4. Accounting and Procurement Software</u>		<u>-0-</u>	<u>1,000,000</u>
<u>\$1,000,000 is to assess, upgrade, and enhance accounting and procurement software to facilitate targeted group business utilization and data reporting. This is a onetime appropriation and is available until June 30, 2019.</u>			

**Sec. 3. MINNESOTA MANAGEMENT AND BUDGET**

<u>Of this amount, \$2,000,000 is for statewide information technology systems and is available until June 30, 2018. This is a onetime appropriation.</u>	\$	<u>-0-</u>	<u>\$ 2,018,000</u>
<u>Of this amount, \$18,000 is to the Office of Economic Analysis for the revenue uncertainty report under Minnesota Statutes, section 16A.103, subdivision 1h. The base is \$9,000 each fiscal year beginning in fiscal year 2018.</u>			

**Sec. 4. REVENUE** **\$** **-0-** **\$** **1,333,000**

**Tax System Management.** \$500,000 is for tax refund fraud protection software and services.

\$833,000 is for (1) communication and outreach; and (2) technology, audit, and fraud staff.

\$1,506,000 is added to the base in fiscal year 2018 and \$1,506,000 in fiscal year 2019.

**Sec. 5. AMATEUR SPORTS COMMISSION \$ -0- \$ 10,000,000**

**Mighty Ducks.** For the purposes of making grants under Minnesota Statutes, section 240A.09, paragraph (b). This appropriation is a onetime appropriation and is added to the appropriations in Laws 2015, chapter 77, article 1, section 18, and Laws 2015, First Special Session chapter 5, article 1, section 9.

**Sec. 6. HUMANITIES CENTER** \$ **-0-** \$ **95,000**

To expand education efforts around the Veterans' Voices program, and to work with veterans to educate and engage the community regarding veterans' contributions, knowledge, skills, and experiences through the Veterans' Voices program. This is a one-time appropriation.

**Sec. 7. MINNESOTA STATE RETIREMENT  
SYSTEM** \$ -0- \$ 3,000,000

**Judges Retirement Plan.** In fiscal year 2017 for transfer to the judges' retirement fund defined in Minnesota Statutes, section 490.123. \$6,000,000 each fiscal year is included in the base and the transfer continues each fiscal year until the judges retirement plan reaches 100 percent funding as determined by an actuarial valuation prepared under Minnesota Statutes, section 356.214.

**Security Improvement; General Support.**

For payroll costs and contracted costs of training and testing to provide security at state-owned Minnesota National Guard facilities.

**Sec. 9. VETERANS AFFAIRS**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>-0-</u>	<u>\$ 700,000</u>
<u>Subd. 2. Cottages of Anoka</u>		<u>-0-</u>	<u>100,000</u>
\$100,000 is to support nonprofit organizations in providing rent subsidies for housing for veterans and their families at the Cottages of Anoka.			
<u>Subd. 3. State Soldiers Assistance Grant</u>		<u>-0-</u>	<u>200,000</u>
\$200,000 is for the state soldiers assistance fund, for housing assistance and health assistance to veterans.			
<u>Subd. 4. Mental Health Study</u>		<u>-0-</u>	<u>150,000</u>
For the study and report in section 62. This is a onetime appropriation.			
<u>Subd. 5. Disabled Veterans Interim Housing Study</u>		<u>-0-</u>	<u>250,000</u>
For the study and report in section 63. This is a onetime appropriation.			

<u>Sec. 10. PUBLIC SAFETY</u>	\$	<u>-0-</u>	<u>\$ 88,000</u>
\$88,000 is for a grant to the Arrowhead Regional Development Commission to conduct an assessment of law enforcement needs for detention facilities in northeast Minnesota. This is a onetime appropriation.			

Sec. 11. Minnesota Statutes 2014, section 3.3005, subdivision 3, is amended to read:

**Subd. 3. State match.** If a request to spend federal money is included in the governor's budget or spending the money is authorized by law but the amount of federal money received that has been awarded and requires a state match greater than that the amount that was included in the budget request or authorized by law, the amount federal funds that have been awarded that requires require an additional state match may be allotted for expenditure after the requirements of subdivision 5 or 6 are met.

Sec. 12. Minnesota Statutes 2014, section 3.3005, subdivision 3b, is amended to read:

Subd. 3b. **Increase in amount.** If a request to spend federal money is included in a governor's budget request and approved according to subdivision 2 or 5 and the amount of money available awarded increases after the request is made and authorized, the additional amount may be allotted for expenditure after a revised request is submitted according to subdivision 2, or the requirements of subdivision 4, 5, or 6 are met.

Sec. 13. Minnesota Statutes 2014, section 3.3005, subdivision 4, is amended to read:

Subd. 4. **Interim procedures; urgencies.** If federal money becomes available is awarded to the state for expenditure after the deadline in subdivision 2 or while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or part of the money be allotted encumbered or expended before the legislature reconvenes or prior to the end of the 20-day period specified in subdivision 2, it may be allotted to a state agency after the requirements of subdivision 5 are met.

Sec. 14. Minnesota Statutes 2014, section 3.3005, subdivision 5, is amended to read:

Subd. 5. **Legislative Advisory Commission review.** Federal money that is awarded and becomes available under subdivision 3, 3a, 3b, or 4 may be allotted after the commissioner of management and budget has submitted the request to the members of the Legislative Advisory Commission for their review and recommendation for further review. If a recommendation is not made within ten days, no further review by the Legislative Advisory Commission is required, and the commissioner shall approve or disapprove the request. If a recommendation by any member is for further review the governor shall submit the request to the Legislative Advisory Commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.

Sec. 15. Minnesota Statutes 2014, section 3.3005, subdivision 6, is amended to read:

Subd. 6. **Interim procedures; nonurgencies.** If federal money becomes available to the state for expenditure after the deadline in subdivision 2 or while the legislature is not in session, and subdivision 4 does not apply, a request to expend the that federal money may be submitted by the commissioner of management and budget to members of the Legislative Advisory Commission for their review and recommendation. This request must be submitted by the later of October 1 of any year or 100 days before the start of the next legislative session. If any member of the commission makes a negative recommendation or a recommendation for further review on a request by October 20 of the same year during the 20-day period beginning the day the commissioner submits the request, the commissioner shall not approve expenditure of that federal money. If a request to expend federal money submitted under this subdivision receives a negative recommendation or a recommendation for further review, the request may be submitted again under subdivision 2. If the members of the commission make a positive recommendation or no recommendation, the commissioner shall may approve or disapprove the request and the federal money may be allotted for expenditure. The commissioner may submit the request again under subdivision 2 if the request receives a negative recommendation or a recommendation for further review under this subdivision.

Sec. 16. Minnesota Statutes 2014, section 3.3005, is amended by adding a subdivision to read:

Subd. 6a. **Withdrawal of commission recommendation.** A member of the commission, with written notice to the commissioner, may withdraw a negative recommendation or a recommendation for further review within 20 days of making the recommendation. If all negative recommendations

and all recommendations for further review have been withdrawn, the commissioner may approve the expenditure of the federal money.

Sec. 17. Minnesota Statutes 2014, section 3.3005, is amended by adding a subdivision to read:

Subd. 9. Withdrawal of request. The commissioner of management and budget may, with written notice, withdraw any request to spend federal money under this section. The commissioner of an agency requesting to expend federal money under this section may, with written notice, withdraw any request to spend federal money under this section that was submitted by the commissioner's agency.

Sec. 18. Minnesota Statutes 2014, section 16A.103, is amended by adding a subdivision to read:

Subd. 1h. Revenue uncertainty information. The commissioner shall report to the legislature within 14 days of a forecast under subdivision 1 on uncertainty in Minnesota's general fund revenue projections. The report shall present information on: (1) the estimated range of forecast error for revenues; and (2) the data and methods used to construct those measurements.

Sec. 19. Minnesota Statutes 2015 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. Additional revenues; priority. (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

- (1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;
  - (2) the budget reserve account established in subdivision 1a until that account reaches \$810,992,000 \$1,596,522,000;
  - (3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and
  - (4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount;.
  - (5) the closed landfill investment fund established in section 115B.421 until \$63,215,000 has been transferred into the account. This clause expires after the entire amount of the transfer has been made; and
  - (6) the metropolitan landfill contingency action trust account established in section 473.845 until \$8,100,000 has been transferred into the account. This clause expires after the entire amount of the transfer has been made.
- (b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 20. Minnesota Statutes 2015 Supplement, section 16C.073, subdivision 2, is amended to read:

**Subd. 2. Purchases.** (a) Whenever practicable, a public entity shall:

(1) purchase uncoated copy paper, office paper, and printing paper;

(2) purchase recycled content copy paper with at least 30 percent postconsumer material by weight and purchase printing and office paper with at least ten percent postconsumer material by weight;

(3) purchase copy, office, and printing paper which has not been dyed with colors, excluding pastel colors;

(4) purchase recycled content copy, office, and printing paper that is manufactured using little or no chlorine bleach or chlorine derivatives;

(5) use reusable binding materials or staples and bind documents by methods that do not use glue;

(6) use soy-based inks;

(7) purchase printer or duplication cartridges that:

(i) have ten percent postconsumer material; or

(ii) are purchased as remanufactured; or

(iii) are backed by a vendor-offered program that will take back the printer cartridges after their useful life, ensure that the cartridge is recycled, and comply with the definition of recycling in section 115A.03, subdivision 25b;

(7) (8) produce reports, publications, and periodicals that are readily recyclable; and

(8) (9) purchase paper which has been made on a paper machine located in Minnesota.

(b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent postconsumer material.

(c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.

Sec. 21. Minnesota Statutes 2014, section 16E.0466, is amended to read:

#### **16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.**

(a) Every state agency with an information or telecommunications project must consult with the Office of MN.IT Services to determine the information technology cost of the project. Upon agreement between the commissioner of a particular agency and the chief information officer, the

agency must transfer the information technology cost portion of the project to the Office of MN.IT Services. Service level agreements must document all project-related transfers under this section. Those agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

(b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance appropriated to a state agency may be transferred to the information and telecommunications technology systems and services account for the information technology cost of a specific project, subject to the review of the Legislative Advisory Commission, under section 16E.21, subdivision 3.

Sec. 22. Minnesota Statutes 2014, section 16E.21, subdivision 2, is amended to read:

Subd. 2. **Charges.** Upon agreement of the participating agency, the Office of MN.IT Services may collect a charge or receive a fund transfer under section 16E.0466 for purchases of information and telecommunications technology systems and services by state agencies and other governmental entities through state contracts for purposes described in subdivision 1. Charges collected under this section must be credited to the information and telecommunications technology systems and services account.

Sec. 23. Minnesota Statutes 2014, section 16E.21, is amended by adding a subdivision to read:

Subd. 3. **Legislative Advisory Commission review.** (a) No funds may be transferred to the information and telecommunications technology systems and services account under subdivision 2 or section 16E.0466 until the commissioner of management and budget has submitted the proposed transfer to the members of the Legislative Advisory Commission for review and recommendation. If the commission makes a positive recommendation or no recommendation, or if the commission has not reviewed the request within 20 days after the date the request to transfer funds was submitted, the commissioner of management and budget may approve the request to transfer the funds. If the commission recommends further review of a request to transfer funds, the commissioner shall provide additional information to the commission. If the commission makes a negative recommendation on the request within ten days of receiving further information, the commissioner shall not approve the fund transfer. If the commission makes a positive recommendation or no recommendation within ten days of receiving further information, the commissioner may approve the fund transfer.

(b) A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all members entitled to vote on the item as specified in section 3.30, subdivision 2. A recommendation of the commission must be made by a majority of the commission.

Sec. 24. Minnesota Statutes 2014, section 16E.21, is amended by adding a subdivision to read:

Subd. 4. **Lapse.** Any portion of any receipt credited to the information and telecommunications technology systems and services account from a fund transfer under subdivision 2 that remains unexpended and unencumbered at the close of the fiscal year four years after the funds were received in the account shall lapse to the fund from which the receipt was transferred.

Sec. 25. Minnesota Statutes 2014, section 16E.21, is amended by adding a subdivision to read:

Subd. 5. **Report.** The chief information officer shall report by September 15 of each odd-numbered year to the chairs and ranking minority members of the legislative committees and

divisions with jurisdiction over the Office of MN.IT Services regarding the receipts credited to the account. The report must include a description of projects funded through the information and telecommunications technology systems and services account and each project's current status.

Sec. 26. Minnesota Statutes 2014, section 116J.8737, subdivision 2, is amended to read:

**Subd. 2. Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least: (i) 51 percent of the business's employees are employed in Minnesota; and; (ii) 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in Minnesota, unless the business obtains a waiver under paragraph (i);

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field;

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

(iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota, and; (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in greater Minnesota, unless the business obtains a waiver under paragraph (i).

(i) The commissioner must exempt a business from the requirement under paragraph (c), clause (2), item (iii), if the business certifies to the commissioner that the services required under a contract in connection with the primary business activity cannot be performed in Minnesota if the business otherwise qualifies as a qualified small business, or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota business. The business must submit the certification required under this paragraph every six months from the month the exemption was granted. The exemption allowed under this paragraph must be submitted in a form and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 27. Minnesota Statutes 2014, section 116J.8737, subdivision 5, is amended to read:

**Subd. 5. Credit allowed.** (a)(1) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$15,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2016, and before January 1, 2018; and

(2) for taxable years beginning after December 31, 2014, and before January 1, 2017 2018, \$7,500,000 50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's Web site by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the

commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

- (1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;
- (2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;
- (3) the qualified small business is sold before the end of the three-year period;
- (4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or
- (5) the qualified investor dies before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 28. Minnesota Statutes 2014, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, 2016 2017, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through 2018 2019 for qualified investors and qualified funds, and through 2020 2021 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through 2021 2022, and the appropriation in subdivision 11 remains in effect through 2020 2021.

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

Sec. 29. Minnesota Statutes 2014, section 154.001, subdivision 2, is amended to read:

Subd. 2. **Board of Barber Examiners.** (a) A Board of Barber Examiners is established to consist of three four barber members and one public member, as defined in section 214.02, appointed by the governor.

(b) The barber members shall be persons who have practiced as registered barbers in this state for at least five years immediately prior to their appointment; shall be graduates from the 12th grade of a high school or have equivalent education, and shall have knowledge of the matters to be taught in registered barber schools, as set forth in section 154.07. One of the barber members shall be a member of, or recommended by, a union of journeymen barbers that has existed at least two years, and one barber member shall be a member of, or recommended by, a professional organization of barbers.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 30. Minnesota Statutes 2014, section 154.002, is amended to read:

**154.002 OFFICERS; COMPENSATION; FEES; EXPENSES.**

The Board of Barber Examiners shall annually elect a chair and secretary. It shall adopt and use a common seal for the authentication of its orders and records. The board shall appoint an executive secretary or enter into an interagency agreement to procure the services of an executive secretary. The executive secretary shall not be a member of the board and shall be in the unclassified civil service. The position of executive secretary may be a part-time position.

The executive secretary shall keep a record of all proceedings of the board. The expenses of administering this chapter shall be paid from the appropriations made to the Board of Barber Examiners.

Each member of the board shall take the oath provided by law for public officers.

A majority of the board, in meeting assembled, may perform and exercise all the duties and powers devolving upon the board.

The members of the board shall receive compensation, as provided in section 214.09, for each day spent on board activities, but not to exceed 20 days in any calendar month nor 100 days in any calendar year.

The board shall have authority to employ such inspectors, clerks, deputies, and other assistants as it may deem necessary to carry out the provisions of this chapter.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 31. Minnesota Statutes 2015 Supplement, section 154.003, is amended to read:

**154.003 FEES.**

(a) The fees collected, as required in this chapter, chapter 214, and the rules of the board, shall be paid to the board. The board shall deposit the fees in the general fund in the state treasury.

(b) The board shall charge the following fees:

- (1) examination and certificate, registered barber, \$85;
- (2) retake of written examination, registered barber, \$10;
- (3) examination and certificate, apprentice, \$80;
- (4) retake of written examination, apprentice, \$10;
- (5) (3) examination and certificate, instructor, \$180;
- (6) (4) certificate, instructor, \$65;
- (7) (5) temporary teacher or apprentice permit, \$80;
- (8) (6) temporary registered barber, military, \$85;
- (9) (7) temporary barber instructor, military, \$180;

- (10) temporary apprentice barber, military, \$80;
- (11) (8) renewal of registration, registered barber, \$80;
- (12) renewal of registration, apprentice, \$70;
- (13) (9) renewal of registration, instructor, \$80;
- (14) (10) renewal of temporary teacher permit, \$65;
- (15) (11) student permit, \$45;
- (16) (12) renewal of student permit, \$25;
- (17) (13) initial shop registration, \$85;
- (18) (14) initial school registration, \$1,030;
- (19) (15) renewal shop registration, \$85;
- (20) (16) renewal school registration, \$280;
- (21) (17) restoration of registered barber registration, \$95;
- (22) restoration of apprentice registration, \$90;
- (23) (18) restoration of shop registration, \$105;
- (24) (19) change of ownership or location, \$55;
- (25) (20) duplicate registration, \$40;
- (26) (21) home study course, \$75;
- (27) (22) letter of registration verification, \$25; and
- (28) (23) reinspection, \$100.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 32. Minnesota Statutes 2014, section 154.01, is amended to read:

**154.01 REGISTRATION MANDATORY.**

(a) The registration of the practice of barbing serves the public health and safety of the people of the state of Minnesota by ensuring that individuals seeking to practice the profession of barbing are appropriately trained in the use of the chemicals, tools, and implements of barbing and demonstrate the skills necessary to conduct barber services in a safe, sanitary, and appropriate environment required for infection control.

(a) (b) No person shall practice, offer to practice, or attempt to practice barbing without a current certificate of registration as a registered barber, issued pursuant to provisions of sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 by the Board of Barber Examiners.

(b) No person shall serve, offer to serve, or attempt to serve as an apprentice under a registered barber without a current certificate of registration as a registered apprentice or temporary apprentice permit issued pursuant to provisions of sections 154.001, 154.002, 154.003, 154.01 to 154.161,

~~154.19 to 154.21, and 154.24 to 154.26 by the Board of Barber Examiners. The registered apprentice shall, prior to or immediately upon issuance of the apprentice's certificate of registration, and immediately after changing employment, advise the board of the name, address, and certificate number of the registered barber under whom the registered apprentice is working.~~

(c) A registered barber must only provide barbering services in a registered barber shop or barber school, unless prior authorization is given by the board.

~~(e)~~ (d) No person shall operate a barber shop unless it is at all times under the direct supervision and management of a registered barber and the owner or operator of the barber shop possesses a current shop registration card, issued to the barber shop establishment address, under sections 154.001, 154.002, 154.003, 154.01 to 154.16~~1~~ 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28 by the Board of Barber Examiners.

~~(d)~~ (e) No person shall serve, offer to serve, or attempt to serve as an instructor of barbershop without a current certificate of registration as a registered instructor of barbershop or a temporary permit as an instructor of barbershop, as provided for the board by rule, issued under sections 154.001, 154.002, 154.003, 154.01 to 154.16~~1~~ 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28 by the Board of Barber Examiners. Barber instruction must be provided in registered barber schools only.

~~(e)~~ (f) No person shall operate a barber school unless the owner or operator possesses a current certificate of registration as a barber school, issued under sections 154.001, 154.002, 154.003, 154.01 to 154.16~~1~~ 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28 by the Board of Barber Examiners.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 33. Minnesota Statutes 2014, section 154.02, is amended to read:

**154.02 WHAT CONSTITUTES BARBERSHOP DEFINITIONS.**

Subdivision 1. **What constitutes barbershop.** Any one or any combination of the following practices when done upon the head, face, and neck for cosmetic purposes and not for the treatment of disease or physical or mental ailments and when done for payment directly or indirectly or without payment for the public generally constitutes the practice of barbershop within the meaning of sections 154.001, 154.002, 154.003, 154.01 to 154.16~~1~~ 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28: to shave the face or neck, trim the beard, clean, condition, cut or bob, color, shape, or straighten the hair of any person of either sex for compensation or other reward received by the person performing such service or any other person; to give facial and scalp massage or treatments with oils, creams, lotions, or other preparations either by hand or mechanical appliances; to singe, shampoo the hair, or apply hair tonics; or to apply cosmetic preparations, antiseptics, powders, oils, clays, or lotions to hair, scalp, face, or neck.

Subd. 2. **Barber school.** A "barber school" is a place that holds a registration as a barber school in which barbershop, as defined in subdivision 1, is practiced by registered student barbers under the direction of registered barber instructors for the purpose of learning and teaching barbershop skills.

Subd. 3. **Barber shop.** A "barber shop" is a place other than a barber school that holds a registration as a barber shop under this chapter in which barbershop, as defined in subdivision 1, is practiced.

Subd. 4. Certificate of registration. A "certificate of registration" means the certificate issued to an individual, barber shop, or barber school that is in compliance with the requirements of sections 154.001, 154.002, 154.003, 154.01 to 154.162, 154.19 to 154.21, and 154.24 to 154.28.

Subd. 5. Designated registered barber. The "designated registered barber" is a registered barber designated as the manager of a barber shop.

Subd. 6. Registered barber. A "registered barber" is an individual who, for compensation, performs the personal services as defined in subdivision 1, in compliance with this chapter.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 34. Minnesota Statutes 2014, section 154.04, is amended to read:

**154.04 PERSONS EXEMPT FROM REGISTRATION.**

The following persons are exempt from the provisions of sections 154.001, 154.002, 154.003, 154.01 to 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28 while in the proper discharge of their professional duties:

(1) persons authorized by the law of this state to practice medicine, surgery, osteopathy, and chiropractic;

(2) commissioned medical or surgical officers of the United States armed services;

(3) registered nurses, licensed practical nurses, and nursing aides performing services under the direction and supervision of a licensed physician or licensed registered nurse, provided, however, that no additional compensation shall be paid for such service and patients who are so attended shall not be charged for barbering;

(4) licensed cosmetologists, when providing cosmetology services as defined in section 155A.23, subdivision 3, provided, however, that cosmetologists shall not hold themselves out as barbers or, except in the case of nail technicians, practice their occupation in a barber shop; and

(5) persons who perform barbering services for charitable purposes in nursing homes, shelters, missions, individual homes, or other similar facilities, provided, however, that no direct or indirect compensation is received for the services, and that persons who receive barbering services are not charged for the services.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 35. Minnesota Statutes 2014, section 154.05, is amended to read:

**154.05 WHO MAY RECEIVE CERTIFICATES OF REGISTRATION AS A REGISTERED BARBER.**

(a) A person is qualified to receive a certificate of registration as a registered barber if the person:

(1) who is qualified under the provisions of section 154.06 has successfully completed ten grades of education;

(2) who has practiced as a registered apprentice for a period of 12 months under the immediate personal supervision of a registered barber, and (2) has successfully completed 1,500 hours of study in a board-approved barber school; and

(3) who has passed an examination conducted by the board to determine fitness to practice barbering

(3) has passed an examination conducted by the board to determine fitness to practice barbering.

An apprentice (b) A first-time applicant for a certificate of registration to practice as a registered barber who fails to pass the comprehensive examination conducted by the board and who fails to pass a onetime retake of the written examination, shall continue to practice as an apprentice for complete an additional 300 500 hours of barber education before being eligible to retake the comprehensive examination as many times as necessary to pass.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 36. Minnesota Statutes 2014, section 154.065, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** A person is qualified to receive a certificate of registration as an instructor of barbering who:

(1) is a graduate of an approved high school, or its equivalent, as determined by examination by the Department of Education;

(2) has successfully completed vocational instructor training from a board-approved program or accredited college or university program that includes the following courses or their equivalents as determined by the board:

- (i) introduction to career and technical education training;
- (ii) philosophy and practice of career and technical education;
- (iii) course development for career and technical education;
- (iv) instructional methods for career and technical education; and
- (v) human relations;

(3) is currently a registered barber and has at least three years experience as a registered barber in this state, or its equivalent in another state or jurisdiction as determined by the board; and

(4) has passed an examination conducted by the board to determine fitness to instruct in barbering.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 37. Minnesota Statutes 2014, section 154.065, subdivision 4, is amended to read:

Subd. 4. **Examinations.** Examinations under this section shall be held not to exceed twice a year at times and at a place or places to be determined by the board. In case of an emergency, there being no registered instructor of barbering available, a temporary certificate as an instructor of barbering, valid only until the results of the next examination are released, may be issued upon such terms and conditions as the board may prescribe.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 38. Minnesota Statutes 2014, section 154.07, is amended to read:

**154.07 BARBER SCHOOLS; REQUIREMENTS.**

Subdivision 1. **Admission requirements; course of instruction.** No barber school shall be approved by the board unless it requires, as a prerequisite to admission, ten grades of an approved school or its equivalent, as determined by educational transcript, high school diploma, high school equivalency certificate, or an examination conducted by the commissioner of education, which shall issue a certificate that the student has passed the required examination, and unless it requires, as a prerequisite to graduation, a course of instruction of at least 1,500 hours; of not more than eight ten hours of schooling in any one working day. The course of instruction must include the following subjects: scientific fundamentals for barbing; hygiene; practical study of the hair, skin, muscles, and nerves; structure of the head, face, and neck; elementary chemistry relating to sanitation; disinfection; sterilization and antiseptics; diseases of the skin, hair, and glands; massaging and manipulating the muscles of the face and neck; haircutting; shaving; trimming the beard; bleaching, tinting and dyeing the hair; and the chemical waving and straightening of hair.

Subd. 3. **Costs.** It is permissible for barber schools to make a reasonable charge for materials used and services rendered by students for work done in the schools by students.

Subd. 3a. **Number of instructors.** There must be one registered instructor of barbing for every 17 20 students or minor fraction in excess of 17 in attendance at the same time. Instruction must not be performed by persons not possessing a certificate of registration as an instructor of barbing or a temporary permit as an instructor of barbing.

Subd. 4. **Building requirements.** Each barber school must be conducted and operated in one building, or in connecting buildings, and a barber school must not have any department or branch in a building completely separated or removed from the remainder of the barber school.

Subd. 5. **Owner's requirements.** Any person may own and operate a barber school if the person has had six years' continuous experience as a barber, provided the person first secures from the board an annual certificate of registration as a barber school, keeps it prominently displayed, and before commencing business:

(1) files with the secretary of state a bond to the state approved by the attorney general in the sum of \$25,000, conditioned upon the faithful compliance of the barber school with sections 154.001, 154.002, 154.003, 154.01 to 154.161 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28, and to pay all judgments that may be obtained against the school, or the owners thereof, on account of fraud, misrepresentation, or deceit practiced by them or their agents; and

(2) keeps prominently displayed on the exterior a substantial sign indicating that the establishment is a barber school.

Subd. 5a. **Student permits.** All barber schools upon receiving students shall immediately apply to the board for student permits upon forms for that purpose furnished by the board.

Subd. 5b. **Designated operator.** All barber schools shall be operated by a barber with no less than six years of continuous experience as a registered barber in this state or another state or jurisdiction as determined by the board. When a person who owns a barber school does not meet the requirements of this section to operate a barber school, the owner shall notify the board in writing and under oath of the identity of the person designated to operate the barber school and shall notify the board of any

change of operator by telephone within 24 hours of such change, exclusive of Saturdays, Sundays, and legal holidays, and shall notify the board in writing and under oath within 72 hours of such change.

**Subd. 6. Operation by technical college or state institution.** A public technical college or a state institution may operate a barber school provided it has in its employment a qualified instructor holding a current certificate of registration as a barber instructor and provided that it secures from the board an annual certificate of registration and does so in accordance with sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 and the rules of the board for barber schools but without the requirement to file a performance bond with the secretary of state.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 39. Minnesota Statutes 2014, section 154.08, is amended to read:

**154.08 APPLICATION; FEE.**

Each applicant for an examination shall:

- (1) make application to the Board of Barber Examiners on blank forms prepared and furnished by it, the application to contain proof under the applicant's oath of the particular qualifications and identity of the applicant;
- (2) provide all documentation required in support of the application;
- (3) pay to the board the required fee; and
- (4) present a government-issued photo identification as proof of identity upon acceptance of the notarized application and present a corresponding government-issued photo identification when the applicant appears for examination.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 40. Minnesota Statutes 2014, section 154.09, is amended to read:

**154.09 EXAMINATIONS, CONDUCT AND SCOPE.**

The board shall conduct examinations of applicants for certificates of registration to practice as registered barbers and apprentices not more than six times each year, at such time and place as the board may determine. Additional written examinations may be scheduled by the board and conducted by board staff as designated by the board. The proprietor of a barber school must file an affidavit with the board of hours completed by students applying to take the apprentice registered barber examination. Students must complete 1,500 hours the full 1,500-hour curriculum in a barber school approved by the board within the past four years to be eligible for examination. Barber students who have completed barber school more than four years prior to application, that have not obtained a barber registration, license, or certificate in any jurisdiction must complete an additional 500 hours of barber school education to be eligible for the registered barber examination. Registered barbers that fail to renew their registration for four or more years are required to take the registered barber examination to reinstate the registration.

The examination of applicants for certificates of registration as barbers and apprentices shall include a practical demonstration and a written and oral test. The examination must cover the

subjects usually taught in barber schools registered with the board, including applicable state statute and rule.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 41. Minnesota Statutes 2014, section 154.10, subdivision 2, is amended to read:

Subd. 2. **Certificates of registration; fees.** When the provisions of this chapter have been complied with, the board shall issue a certificate of registration as a registered barber, ~~as a registered apprentice; as a registered instructor of barbing, or as a registered barber school, a temporary apprentice permit; a temporary permit as an instructor of barbing, or a barber shop registration card upon payment of the required fee.~~ Certificates of registration, temporary permits, and shop registration cards are not transferable.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 42. Minnesota Statutes 2014, section 154.11, subdivision 1, is amended to read:

Subdivision 1. **Examination of nonresidents.** (a) A person who meets all of the requirements for barber registration in sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 and either has a currently active license, certificate of registration, or an equivalent as a practicing barber or instructor of barbing as verified from another state or, if presenting foreign country credentials as verified by a board-approved professional credential evaluation provider, which in the discretion of the board has substantially the same requirements for registering barbers and instructors of barbing as required by sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 or can prove by sworn affidavits practice as a barber or instructor of barbing in another state or country for at least five years immediately prior to making application in this state, ~~154.28~~ shall, upon payment of the required fee, be issued a certificate of registration without examination.

(b) Individuals without a current documented license, certificate of registration, or equivalent, as verified in paragraph (a), must have a minimum of 1,500 hours of barber education as verified by the barber school attended in the other state or if presenting foreign country education as verified by a board-approved professional credential evaluation provider, completed within the previous four years, which, in the discretion of the board, has substantially the same requirements as required in sections 154.001, 154.002, 154.003, 154.01 to 154.162, 154.19 to 154.21, and 154.24 to 154.28 will be eligible for examination.

(c) Individuals unable to meet the requirements in paragraph (a) or (b) shall be subject to all the requirements of section 154.05.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 43. Minnesota Statutes 2015 Supplement, section 154.11, subdivision 3, is amended to read:

Subd. 3. **Temporary military permits.** (a) In accordance with section 197.4552, the board shall issue a temporary:

- (1) permit for apprentice barbers;
- (2) certificate for registered barbers; and
- (3) certificate for registered barber instructors.

(b) Fees for temporary military permits and certificates of registration under this subdivision are listed under section 154.003.

(c) Permits or certificates of registration issued under this subdivision are valid for one year from the date of issuance, after which the individual must complete a full application as required by section 197.4552.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 44. Minnesota Statutes 2014, section 154.14, is amended to read:

**154.14 CERTIFICATES OF REGISTRATION AND TEMPORARY PERMITS TO BE DISPLAYED.**

Every holder of a certificate of registration as a registered barber ~~or registered apprentice or temporary apprentice permit~~ shall display the certificate or permit, with a photograph of the certificate or permit holder that meets the same standards as required for a United States passport, in a conspicuous place adjacent to or near the chair where work is performed. Every holder of a certificate of registration as an instructor of barbing or a temporary permit as an instructor of barbing shall display the certificate or permit, with a photograph of the certificate or permit holder that meets the same standards as required for a United States passport, in a conspicuous place ~~within the barber school that is accessible to the public~~. Every holder of a certificate of registration as a barber school and of a ~~barber shop~~ registration card shall display it in a conspicuous place ~~within the establishment that is accessible to the public~~.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 45. Minnesota Statutes 2014, section 154.15, is amended to read:

**154.15 CERTIFICATES OF REGISTRATION MUST BE RENEWED ANNUALLY.**

Subdivision 1. **Annual renewal required.** All registered barbers, ~~registered apprentices~~, and registered instructors of barbing who continue in active practice or service shall, on or before December 31 each year, renew their certificates of registration for the following year and pay the required fee. Every certificate of registration which has not been renewed during the month of December in any year shall expire on the 31st day of December in that year. All shop registration cards shall be renewed on or before June 30 of each year upon payment of the required fee. All certificates of registration as a barber school shall be renewed on or before December 31 of each year upon payment of the required fee.

Subd. 2. **Effect of failure to renew.** A registered barber ~~or a registered apprentice~~ who has not renewed a certificate of registration may be reinstated within four years of such failure to renew without examination upon the payment of the required restoration fee for each year the certificate is lapsed. A registered instructor of barbing who has not renewed a certificate of registration may be reinstated within four years of such failure to renew without examination upon payment of the required restoration fee for each year the certificate is lapsed. All registered barbers and ~~registered apprentices~~ who allow their certificates of registration to lapse for more than four years shall be required to reexamine before being issued a certificate of registration. All registered instructors of barbing who allow their certificates of registration to lapse for more than four years shall be required to reexamine before being issued a certificate of registration. A barber shop owner who has not renewed the barber shop certificate for more than one year may reinstate the barber shop

registration upon payment of the restoration fee for each year the shop card was lapsed. If lapsed or unregistered status is discovered by the barber inspector during inspection, penalties under section 154.162 shall apply.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 46. Minnesota Statutes 2015 Supplement, section 154.161, subdivision 4, is amended to read:

**Subd. 4. Registration actions.** (a) With respect to a person who is a holder of or applicant for registration or a shop registration card under sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28, the board may by order deny, refuse to renew, suspend, temporarily suspend, or revoke the application, certificate of registration, or shop registration card, censure or reprimand the person, refuse to permit the person to sit for examination, or refuse to release the person's examination grades, if the board finds that such an order is in the public interest and that, based on a preponderance of the evidence presented, the person has:

(1) violated a statute, rule, or order that the board has adopted or issued or is empowered to enforce;

(2) engaged in conduct or acts that are fraudulent, deceptive, or dishonest, whether or not the conduct or acts relate to the practice of barbing, if the fraudulent, deceptive, or dishonest conduct or acts reflect adversely on the person's ability or fitness to engage in the practice of barbing;

(3) engaged in conduct or acts that constitute malpractice, are negligent, demonstrate incompetence, or are otherwise in violation of the standards in the rules of the board, where the conduct or acts relate to the practice of barbing;

(4) employed fraud or deception in obtaining a certificate of registration, shop registration card, renewal, or reinstatement, or in passing all or a portion of the examination;

(5) had a certificate of registration or shop registration card, right to examine, or other similar authority revoked in another jurisdiction;

(6) failed to meet any requirement for issuance or renewal of the person's certificate of registration or shop registration card;

(7) practiced as a barber while having an infectious or contagious disease;

(8) advertised by means of false or deceptive statements;

(9) demonstrated intoxication or indulgence in the use of drugs, including but not limited to narcotics as defined in section 152.01 or in United States Code, title 26, section 4731, barbiturates, amphetamines, benzedrine, dexedrine, or other sedatives, depressants, stimulants, or tranquilizers;

(10) demonstrated unprofessional conduct or practice;

(11) permitted an employee or other person under the person's supervision or control to practice as a registered barber, ~~registered apprentice~~, or registered instructor of barbing unless that person has (i) a current certificate of registration as a registered barber, ~~registered apprentice~~, or registered instructor of barbing, (ii) a temporary apprentice permit, or (iii) a temporary permit as an instructor of barbing;

(12) practices, offered to practice, or attempted to practice by misrepresentation;

- (13) failed to display a certificate of registration as required by section 154.14;
- (14) used any room or place of barbering that is also used for any other purpose, or used any room or place of barbering that violates the board's rules governing sanitation;
- (15) in the case of a barber, ~~apprentice~~, or other person working in or in charge of any barber shop, or any person in a barber school engaging in the practice of barbering, failed to use separate and clean towels for each customer or patron, or to discard and launder each towel after being used once;
- (16) in the case of a barber or other person in charge of any barber shop or barber school, (i) failed to supply in a sanitary manner clean hot and cold water in quantities necessary to conduct the shop or barbering service for the school, (ii) failed to have water and sewer connections from the shop or barber school with municipal water and sewer systems where they are available for use, or (iii) failed or refused to maintain a receptacle for hot water of a capacity of at least five gallons;
- (17) refused to permit the board to make an inspection permitted or required by sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28, or failed to provide the board or the attorney general on behalf of the board with any documents or records they request;
- (18) failed promptly to renew a certificate of registration or shop registration card when remaining in practice, pay the required fee, or issue a worthless check;
- (19) failed to supervise a registered apprentice or temporary apprentice, or permitted the practice of barbering by a person not registered with the board or not holding a temporary permit;
- (20) refused to serve a customer because of race, color, creed, religion, disability, national origin, or sex;
- (21) failed to comply with a provision of sections 136A.82 to 136A.834, or a provision of another chapter that relates to barber schools; or
- (22) with respect to temporary suspension orders, has committed an act, engaged in conduct, or committed practices that the board, or complaint committee if authorized by the board, has determined may result or may have resulted in an immediate threat to the public.
  - (b) In lieu of or in addition to any remedy under paragraph (a), the board may as a condition of continued registration, termination of suspension, reinstatement of registration, examination, or release of examination results, require that the person:
    - (1) submit to a quality review of the person's ability, skills, or quality of work, conducted in a manner and by a person or entity that the board determines; or
    - (2) complete to the board's satisfaction continuing education as the board requires.
  - (c) Service of an order under this subdivision is effective if the order is served personally on, or is served by certified mail to the most recent address provided to the board by the certificate holder, applicant, or counsel of record. The order must state the reason for the entry of the order.
  - (d) Except as provided in subdivision 5, paragraph (c), all hearings under this subdivision must be conducted in accordance with the Administrative Procedure Act.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 47. Minnesota Statutes 2014, section 154.161, subdivision 7, is amended to read:

**Subd. 7. Reinstatement.** The board may reinstate a suspended, revoked, or surrendered certificate of registration or shop registration card, on petition of the former or suspended registrant. The board may in its sole discretion place any conditions on reinstatement of a suspended, revoked, or surrendered certificate of registration or shop registration card that it finds appropriate and necessary to ensure that the purposes of sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 are met. No certificate of registration or shop registration card may be reinstated until the former registrant has completed at least one-half of the suspension period.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 48. Minnesota Statutes 2014, section 154.162, is amended to read:

**154.162 ADMINISTRATIVE PENALTIES.**

The board shall impose and collect the following penalties:

- (1) missing or lapsed shop registration discovered upon inspection; penalty imposed on shop owner: up to \$500;
- (2) unregistered apprentice ~~or registered~~ barber, first occurrence discovered upon inspection; penalty imposed on shop owner and unlicensed or unregistered individual: up to \$500; and
- (3) unregistered apprentice ~~or registered~~ barber, second occurrence discovered upon inspection; penalty imposed on shop owner and unlicensed or unregistered individual: up to \$1,000.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 49. Minnesota Statutes 2014, section 154.19, is amended to read:

**154.19 VIOLATIONS.**

Each of the following constitutes a misdemeanor:

- (1) The violation of any of the provisions of section 154.01;
- (2) Permitting any person in one's employ, supervision, or control to practice as a registered barber ~~or registered apprentice~~ unless that person has a certificate of registration as a registered barber ~~or registered apprentice~~;
- (3) Obtaining or attempting to obtain a certificate of registration for money other than the required fee, or any other thing of value, or by fraudulent misrepresentation;
- (4) Practicing or attempting to practice by fraudulent misrepresentation;
- (5) The willful failure to display a certificate of registration as required by section 154.14;
- (6) The use of any room or place for barbering which is also used for residential or business purposes, except the sale of hair tonics, lotions, creams, cutlery, toilet articles, cigars, tobacco, candies in original package, and such commodities as are used and sold in barber shops, and except that shoeshining and an agency for the reception and delivery of laundry, or either, may be conducted in a barber shop without the same being construed as a violation of this section, unless a substantial partition of ceiling height separates the portion used for residential or business purposes, and where

a barber shop is situated in a residence, poolroom, confectionery, store, restaurant, garage, clothing store, liquor store, hardware store, or soft drink parlor, there must be an outside entrance leading into the barber shop independent of any entrance leading into such business establishment, except that this provision as to an outside entrance shall not apply to barber shops in operation at the time of the passage of this section and except that a barber shop and ~~beauty parlor~~ cosmetology salon may be operated in conjunction, without the same being separated by partition of ceiling height;

(7) The failure or refusal of any barber or other person in charge of any barber shop, or any person in barber schools or colleges doing barber service work, to use separate and clean towels for each customer or patron, or to discard and launder each towel after once being used;

(8) The failure or refusal by any barber or other person in charge of any barber shop or barber school or barber college to supply clean hot and cold water in such quantities as may be necessary to conduct such shop, or the barbering service of such school or college, in a sanitary manner, or the failure or refusal of any such person to have water and sewer connections from such shop, or barber school or college, with municipal water and sewer systems where the latter are available for use, or the failure or refusal of any such person to maintain a receptacle for hot water of a capacity of not less than five gallons;

(9) For the purposes of this section, barbers, students, apprentices, or the proprietor or manager of a barber shop, or barber school or barber college, shall be responsible for all violations of the sanitary sanitation and disinfection provisions of this section, and. If any barber workstation in any barber shop, or barber school or barber college, upon inspection, shall be found to be in an unsanitary condition, the person making such inspection shall immediately issue an order to place the barber shop, or barber school, or barber college, in a sanitary condition, in a manner and within a time satisfactory to the Board of Barber Examiners, and for the failure to comply with such order the board shall immediately file a complaint for the arrest of the persons upon whom the order was issued, and any registered barber who shall fail to comply with the rules adopted by the Board of Barber Examiners, with the approval of the state commissioner of health, or the violation or commission of any of the offenses described in this section and section 154.161, subdivision 4, paragraph (a), clauses (1), (3), and (4) to (12), shall be fined not less than \$10 or imprisoned for ten days and not more than \$100 or imprisoned for 90 days.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 50. Minnesota Statutes 2014, section 154.21, is amended to read:

**154.21 PERJURY.**

The willful making of any false statement as to a material matter in any oath or affidavit which is required by the provisions of sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 is perjury and punishable as such.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 51. Minnesota Statutes 2014, section 154.24, is amended to read:

**154.24 RULES.**

The Board of Barber Examiners shall have authority to make reasonable rules for the administration of the provisions of sections 154.001, 154.002, 154.003, 154.01 to ~~154.161~~ 154.162, 154.19 to 154.21, and 154.24 to ~~154.26~~ 154.28 and prescribe sanitary sanitation and disinfection

requirements for barber shops and barber schools, subject to the approval of the state commissioner of health. Any member of the board, or its agents or assistants, shall have authority to enter upon and to inspect any barber shop or barber school at any time during business hours. A copy of the rules adopted by the board shall be furnished by it to the owner or manager of each barber shop or barber school and such copy shall be posted in a conspicuous place in such barber shop or barber school.

The board shall keep a record of its proceedings relating to the issuance, refusal, renewal, suspension, and revocation of certificates of registration. This record shall contain the name, place of business, and residence of each registered barber and registered apprentice, and the date and number of the certificate of registration. This record shall be open to public inspection at all reasonable times.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 52. Minnesota Statutes 2014, section 154.25, is amended to read:

**154.25 NOT TO SERVE CERTAIN PERSONS.**

No person practicing the occupation of a barber in any barber shop, barber school, or college in this state shall knowingly serve a person afflicted, in a dangerous or infectious state of the disease, with erysipelas, eczema, impetigo, sycosis, or any other contagious or infectious disease. Any person so afflicted is hereby prohibited from being served in any barber shop, barber school, or college in this state. Any violation of this section shall be considered a misdemeanor as provided for in sections 154.001, 154.002, 154.003, 154.01 to 154.161 154.162, 154.19 to 154.21, and 154.24 to 154.26 154.28.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

Sec. 53. Minnesota Statutes 2014, section 161.368, is amended to read:

**161.368 HIGHWAY CONTRACTS WITH TRIBAL AUTHORITIES.**

(a) On behalf of the state, the commissioner may enter into agreements with Indian tribal authorities for the purpose of providing maintenance, design, and construction to highways on tribal lands. These agreements may include (1) a provision for waiver of immunity from suit by a party to the contract on the part of the tribal authority with respect to any controversy arising out of the contract and (2) a provision conferring jurisdiction on state district courts to hear such a controversy.

(b) Notwithstanding section 161.32, for construction of highways on tribal lands in a reservation exempt from Public Law 83-280, the commissioner may: (1) award a preference for Indian-owned contractors to the same extent provided in the applicable Tribal Employment Rights Ordinance, but not to exceed ten percent; or (2) negotiate with the tribal authority and enter into an agreement for the tribal authority to award and administer the construction contract, with the commissioner providing funding for the state share of the project. If negotiating with the tribal authority, the commissioner must perform an independent cost estimate and determine that the cost proposed by the tribal authority is reasonable. An agreement negotiated with a tribal authority must include a clause requiring conformance with plans and specifications approved by the commissioner.

Sec. 54. Minnesota Statutes 2014, section 197.455, subdivision 1, is amended to read:

**Subdivision 1. Application.** (a) This section shall govern preference of a veteran under the civil service laws, charter provisions, ordinances, rules or regulations of a county, home rule charter or statutory city, town, school district, or other municipality or political subdivision of this state. Any provision in a law, charter, ordinance, rule or regulation contrary to the applicable provisions of this section is void to the extent of such inconsistency.

(b) Sections 197.46 to 197.481 also apply to a veteran who is an incumbent in a classified appointment in the state civil service and has completed the probationary period for that position, as defined under section 43A.16. In matters of dismissal from such a position, a qualified veteran has the irrevocable option of using the procedures described in sections 197.46 to 197.481, or the procedures provided in the collective bargaining agreement applicable to the person, but not both. For a qualified veteran electing to use the procedures of sections 197.46 to 197.481, the matters governed by those sections must not be considered grievances under a collective bargaining agreement, and if a veteran elects to appeal the dispute through those sections, the veteran is precluded from making an appeal under the grievance procedure of the collective bargaining agreement.

(c) A county, home rule charter or statutory city, town, school district, or other municipality or political subdivision may require a veteran to complete an initial hiring probationary period, as defined under section 43A.16. In matters of dismissal, a veteran employed by a county, home rule charter or statutory city, town, school district, or other municipality or political subdivision is entitled to the same rights and legal protections that state employees receive under paragraph (b).

Sec. 55. Minnesota Statutes 2015 Supplement, section 197.46, is amended to read:

**197.46 VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.**

(a) Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be is entitled to a writ of mandamus to remedy the wrong. After any initial hiring probationary period expires, no person holding a position either in the state civil service or by appointment or employment in the several counties any county, cities home rule charter or statutory city, towns town, school districts and all district, or any other political subdivisions subdivision in the state; who is a veteran separated from the military service under honorable conditions, shall be removed from such the position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

(b) Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such the intent to discharge and of the veteran's right to request a hearing within 60 30 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day 30-day period shall constitute constitutes a waiver of the right to a hearing. Such The failure shall also waive wave all other available legal remedies for reinstatement.

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person. If the veteran requests a hearing under this section, such the written request must also contain the veteran's election to be heard by a civil service board or commission, a merit authority, or a three-person panel an arbitrator as defined in paragraph (c). If the veteran fails to identify the veteran's election, the governmental subdivision may select the hearing body.

(c) In all governmental subdivisions having an established civil service board or commission, or merit system authority, such the veteran may elect to have the hearing for removal or discharge shall be held before such the civil service board or commission or merit system authority, or before an arbitrator as specified in this paragraph. Where no such civil service board or commission or merit system authority exists, such the hearing shall be held by a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected an arbitrator. In cases where a hearing will be held by an arbitrator, the employer shall request from the Bureau of Mediation Services a list of seven persons to serve as an arbitrator. The employer shall strike the first name from the list and the parties shall alternately strike names from the list until the name of one arbitrator remains. After receiving each of the employer's elections to strike a person from the list, the veteran has 48 hours to strike a person from the list. The person remaining after the striking procedure must be the arbitrator. Upon the selection of the arbitrator, the employer shall notify the designated arbitrator and request available dates to hold the hearing. In the event that the hearing is authorized to be held before a three-person board an arbitrator, the governmental subdivision's notice of intent to discharge shall state that the veteran must respond within 60 30 days of receipt of the notice of intent to discharge, and provide in writing to the governmental subdivision the name, United States mailing address, and telephone number of the veteran's selected representative for the three-person board. The failure of a veteran to submit the name, address, and telephone number of the veteran's selected representative to the governmental subdivision by mail or by personal service within the provided notice's 60-day period, shall constitute a waiver of the veteran's right to the hearing and all other legal remedies available for reinstatement of the veteran's employment position. In the event the two persons selected by the veteran and governmental subdivision do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and Upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board.

(d) Either the veteran or the governmental subdivision may appeal from the decision of the board hearing body upon the charges to the district court by causing written notice of appeal, stating the grounds thereof of the appeal, to be served upon the other party within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. Nothing in this section shall be construed to apply to the position of teacher. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

(e) For disputes heard by a civil service board, commission or merit system authority, or an arbitrator, the political governmental subdivisions shall bear all costs associated with the hearing but not including attorney fees for attorneys representing the veteran. For disputes heard by a three-person panel, all parties shall bear equally all costs associated with the hearing, but not including attorney fees for attorneys representing the veteran. If the veteran prevails in a dispute heard by a civil service board or a three-person panel, commission or merit system authority, or an arbitrator and the hearing reverses all aspects of the level of the alleged incompetency or

misconduct requiring discharge, the governmental subdivision shall pay the veteran's reasonable attorney fees.

(f) All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws, charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

**Sec. 56. [240A.085] JAMES METZEN MIGHTY DUCKS ICE CENTER DEVELOPMENT ACT.**

Sections 240A.085 to 240A.11 may be cited as the James Metzen Mighty Ducks Ice Center Development Act.

Sec. 57. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, and "active service" includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual

may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19a, clause (13);

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code;

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; and

(21) to the extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code to the extent included in federal taxable income, compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733. The subtraction must not include any amount used to claim the credit allowed under section 290.0677.

**EFFECTIVE DATE.** The striking of the qualified fringe benefits subtraction is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes. The new subtraction for pension or other military retirement pay is effective for taxable years beginning after December 31, 2015.

Sec. 58. Minnesota Statutes 2014, section 327C.03, subdivision 6, is amended to read:

**Subd. 6. Payment to the Minnesota manufactured home relocation trust fund.** In the event a park owner has been assessed under section 327C.095, subdivision 12, paragraph (c), the park owner may collect the \$12 \$15 annual payment required by section 327C.095, subdivision 12, for participation in the relocation trust fund, as a lump sum or, along with monthly lot rent, a fee of no more than \$1 \$1.25 per month to cover the cost of participating in the relocation trust fund. The \$1 \$1.25 fee must be separately itemized and clearly labeled "Minnesota manufactured home relocation trust fund."

Sec. 59. Minnesota Statutes 2014, section 327C.095, subdivision 12, is amended to read:

**Subd. 12. Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than \$1,000,000 as of June 30 of each year, the commissioner of management and budget shall assess each manufactured home park owner by mail the total amount of ~~\$12~~ \$15 for each licensed lot in their park, payable on or before September 15 of that year. The commissioner of management and budget shall deposit any payments in the Minnesota manufactured home relocation trust fund. On or before July 15 of each year, the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the ~~\$12~~ \$15 assessment as a lump sum or as a monthly fee of no more than ~~\$1~~ \$1.25 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and deduct from the assessment accordingly.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

Sec. 60. Minnesota Statutes 2014, section 327C.095, subdivision 13, is amended to read:

**Subd. 13. Change in use, relocation expenses; payments by park owner.** (a) If a manufactured home owner is required to relocate due to the conversion of all or a portion of a manufactured home park to another use, the closure of a manufactured home park, or cessation of use of the land as a manufactured home park under subdivision 1, and the manufactured home owner complies with the requirements of this section, the manufactured home owner is entitled to payment from the Minnesota manufactured home relocation trust fund equal to the manufactured home owner's actual relocation costs for relocating the manufactured home to a new location within a 25-mile radius of the park that is being closed, up to a maximum of ~~\$4,000~~ \$7,000 for a single-section and ~~\$8,000~~ \$12,500 for a multisecton manufactured home. The actual relocation costs must include the reasonable cost of taking down, moving, and setting up the manufactured home, including equipment rental, utility connection and disconnection charges, minor repairs, modifications necessary for transportation of the home, necessary moving permits and insurance, moving costs for any appurtenances, which meet applicable local, state, and federal building and construction codes.

(b) A manufactured home owner is not entitled to compensation under paragraph (a) if the manufactured home park owner is not required to make a payment to the Minnesota manufactured home relocation trust fund under subdivision 12, paragraph (b).

(c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota manufactured home relocation trust fund, the manufactured home owner shall submit to the neutral third party and the Minnesota Housing Finance Agency, with a copy to the park owner, an application for payment, which includes:

- (1) a copy of the closure statement under subdivision 1;
- (2) a copy of the contract with a moving or towing contractor, which includes the relocation costs for relocating the manufactured home;
- (3) a statement with supporting materials of any additional relocation costs as outlined in subdivision 1;
- (4) a statement certifying that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), apply to the manufactured home owner;
- (5) a statement from the manufactured park owner that the lot rental is current and that the annual ~~\$12~~ \$15 payments to the Minnesota manufactured home relocation trust fund have been paid when due; and
- (6) a statement from the county where the manufactured home is located certifying that personal property taxes for the manufactured home are paid through the end of that year.

(d) If the neutral third party has acted reasonably and does not approve or deny payment within 45 days after receipt of the information set forth in paragraph (c), the payment is deemed approved. Upon approval and request by the neutral third party, the Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent of the contract price payable to the mover and towing contractor for relocating the manufactured home in the amount of the actual relocation cost, plus a check to the home owner for additional certified costs associated with third-party vendors, that were necessary in relocating the manufactured home. The moving or towing contractor shall receive 50 percent upon execution of the contract and 50 percent upon completion of the relocation and approval by the manufactured home owner. The moving or towing contractor may not apply the funds to any other purpose other than relocation of the manufactured home as provided in the contract. A copy of the approval must be forwarded by the neutral third party to the park owner with an invoice for payment of the amount specified in subdivision 12, paragraph (a).

(e) In lieu of collecting a relocation payment from the Minnesota manufactured home relocation trust fund under paragraph (a), the manufactured home owner may collect an amount from the fund after reasonable efforts to relocate the manufactured home have failed due to the age or condition of the manufactured home, or because there are no manufactured home parks willing or able to accept the manufactured home within a 25-mile radius. A manufactured home owner may tender title of the manufactured home in the manufactured home park to the manufactured home park owner, and collect an amount to be determined by an independent appraisal. The appraiser must be agreed to by both the manufactured home park owner and the manufactured home owner. If the appraised market value cannot be determined, the tax market value, averaged over a period of five years, can be used as a substitute. The maximum amount that may be reimbursed under the fund is a maximum of ~~\$5,000~~ \$8,000 for a single-section and ~~\$9,000~~ \$14,500 for a multisection manufactured home. The minimum amount that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a multisection manufactured home. The manufactured home owner shall deliver to the manufactured home park owner the current certificate of title to the manufactured home duly endorsed by the owner of record, and valid releases of all liens shown on the certificate of title, and a statement from the

county where the manufactured home is located evidencing that the personal property taxes have been paid. The manufactured home owner's application for funds under this paragraph must include a document certifying that the manufactured home cannot be relocated, that the lot rental is current, that the annual \$12 \$15 payments to the Minnesota manufactured home relocation trust fund have been paid when due, that the manufactured home owner has chosen to tender title under this section, and that the park owner agrees to make a payment to the commissioner of management and budget in the amount established in subdivision 12, paragraph (a), less any documented costs submitted to the neutral third party, required for demolition and removal of the home, and any debris or refuse left on the lot, not to exceed \$1,000. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the neutral third party, with a copy to the park owner, that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the manufactured home owner, and that the home owner will vacate the home within 60 days after receipt of payment or the date of park closure, whichever is earlier, provided that the monthly lot rent is kept current.

(f) The Minnesota Housing Finance Agency must make a determination of the amount of payment a manufactured home owner would have been entitled to under a local ordinance in effect on May 26, 2007. Notwithstanding paragraph (a), the manufactured home owner's compensation for relocation costs from the fund under section 462A.35, is the greater of the amount provided under this subdivision, or the amount under the local ordinance in effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this paragraph is intended to increase the liability of the park owner.

(g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be liable to any person for recovery if the funds in the Minnesota manufactured home relocation trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance Agency shall keep a record of the time and date of its approval of payment to a claimant.

(h) The agency shall report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee by January 15 of each year on the Minnesota manufactured home relocation trust fund, including the account balance, payments to claimants, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous calendar year, and any administrative charges or expenses deducted from the trust fund balance. If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the manufactured home owner whose unpaid claim is the earliest by time and date of approval.

**Sec. 61. PLAQUE OR MARKER AUTHORIZED TO HONOR CAPITOL CONSTRUCTION WORKERS.**

(a) The commissioner of administration shall place a plaque or three-dimensional marker in the State Capitol building in a space easily visible to public visitors to recognize and honor the efforts and sacrifice of workers who constructed the State Capitol building, as well as those who worked on subsequent projects to preserve the building. The plaque or marker shall specifically honor the six workers who died during construction of the State Capitol building. The Capitol Area Architectural and Planning Board and the Minnesota Historical Society shall set the parameters and location for the memorial plaque or marker.

(b) The Capitol Area Architectural and Planning Board shall conduct an opportunity contest for sixth graders from across the state to submit designs for the memorial plaque or marker. The board shall select a design from those submissions to be used as a basis for the final production of this

plaque or marker by January 1, 2017. The memorial plaque or marker shall be installed during the State Capitol remodel.

**Sec. 62. STUDY ON VETERANS' UNMET NEEDS FOR BEHAVIOR AND MENTAL HEALTH SERVICES.**

The commissioner of veterans affairs shall perform a study to quantify and describe unmet needs amongst Minnesota veterans for behavioral and mental health services. The study will include conducting focus groups of stakeholders, including veterans and their families, representatives of the United States Veterans Administration, community referral centers, and county veteran service officers. The commissioner of veterans affairs may contract with a statewide nonprofit organization to conduct the study. The commissioner of veterans affairs shall report by February 15, 2017, to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over veterans policy and budget with the findings of the study and with recommendations about how current services provided to veterans could be expanded to better meet the needs identified by the study.

**Sec. 63. FEASIBILITY STUDY ON PARTNERSHIPS TO PROVIDE INTERIM HOUSING FOR DISABLED VETERANS.**

The commissioner of veterans affairs shall study the feasibility of partnering with an established nonprofit organization to provide interim housing for disabled veterans in conjunction with fully integrated and customizable support services. The commissioner of veterans affairs shall submit a report including its findings and recommendations regarding the feasibility of such a partnership to the chairs and ranking minority members of the standing committees in the house of representatives and the senate having jurisdiction over veterans affairs by February 15, 2017.

**Sec. 64. MEMORIAL COMMEMORATING RECIPIENTS OF THE MEDAL OF HONOR.**

**Subdivision 1. Medal of Honor Memorial on the State Capitol grounds.** Subject to approval by the Capitol Area Architectural and Planning Board, the commissioner of administration shall place a memorial on the State Capitol grounds to honor Minnesotans awarded the Medal of Honor.

**Subd. 2. Gifts and grants.** The commissioner of veterans affairs may solicit gifts, grants, or donations of any kind from any private or public source to carry out the purposes of this section. A Medal of Honor Memorial account is created in the special revenue fund. All gifts, grants, or donations received by the commissioner shall be deposited in a Medal of Honor Memorial account in the special revenue fund. Money in the account is appropriated to the commissioner of administration for predesign, design, construction, and ongoing maintenance of the memorial.

**Subd. 3. Restrictions.** Money deposited in the Medal of Honor Memorial account is not available until the commissioner of management and budget has determined an amount sufficient to complete predesign of the memorial has been committed to the project from nonstate sources. The commissioner of administration shall not begin construction on this project until money in the account is sufficient to pay for all costs related to construction and ongoing maintenance of the memorial.

**Sec. 65. LEGISLATIVE ADVISORY COMMISSION; FEDERAL FUNDS.**

The commissioner of management and budget, in consultation with legislative nonpartisan fiscal staff, shall review and recommend the federal funds that should not be subject to review by the Legislative Advisory Commission, under Minnesota Statutes, section 3.3005. The commissioner shall make this recommendation before the 2017 regular legislative session.

**Sec. 66. LEGISLATIVE SURROGACY COMMISSION.**

Subdivision 1. **Membership.** The Legislative Commission on Surrogacy shall consist of 15 members, appointed as follows:

- (1) three members of the senate appointed by the senate majority leader;
- (2) three members of the senate appointed by the senate minority leader;
- (3) three members of the house of representatives appointed by the speaker of the house;
- (4) three members of the house of representatives appointed by the house of representatives minority leader;
- (5) the commissioner of human services or the commissioner's designee;
- (6) the commissioner of health or the commissioner's designee; and
- (7) a family court referee appointed by the chief justice of the state Supreme Court.

Appointments must be made by June 1, 2016.

Subd. 2. **Chair.** The commission shall elect a chair from among its members.

Subd. 3. **Meetings.** The ranking majority member of the commission who is appointed by the senate majority leader shall convene the first meeting by July 1, 2016. The commission shall have at least six meetings but may not have more than ten meetings.

Subd. 4. **Conflict of interest.** A commission member may not participate in or vote on a decision of the commission in which the member has either a direct or indirect personal financial interest. A witness at a public meeting of the commission must disclose any financial conflict of interest.

Subd. 5. **Duties.** The commission shall develop recommendations on public policy and laws regarding surrogacy. To develop the recommendations, the commission shall study surrogacy through public hearings, research, and deliberation. Topics for study include, but are not limited to:

- (1) potential health and psychological effects and benefits on women who serve as surrogates;
- (2) potential health and psychological effects and benefits on children born of surrogates;
- (3) business practices of the fertility industry, including attorneys, brokers, and clinics;
- (4) considerations related to different forms of surrogacy;
- (5) considerations related to the potential exploitation of women in surrogacy arrangements;
- (6) contract law implications when a surrogacy contract is breached;
- (7) potential conflicts with statutes governing private adoption and termination of parental rights;

(8) potential for legal conflicts related to third-party reproduction, including conflicts between or amongst the surrogate mother, the intended parents, the child, insurance companies, and medical professionals;

(9) public policy determinations of other jurisdictions with regard to surrogacy; and

(10) information to be provided to a child born of a surrogate about the child's biological and gestational parents.

Subd. 6. Reporting. The commission must submit a report including its recommendations and may draft legislation to implement its recommendations to the chairs and ranking minority members of the legislative committees with primary jurisdiction over health and judiciary in the house of representatives and senate by December 15, 2016. On topics where the commission fails to reach consensus, a majority and minority report shall be issued.

Subd. 7. Staffing. The Legislative Coordinating Commission shall provide staffing and administrative support to the commission.

Subd. 8. Expiration. The commission expires the day after submitting the report required under subdivision 6.

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

**Sec. 67. LCPFP STUDY OF JOINT BUDGET TARGET PROCESS; TIMING.**

The Legislative Commission on Planning and Fiscal Policy shall study and make recommendations to the legislature by January 15, 2017, on the process and timing for the legislature to establish joint budget targets. In preparing its recommendations, the commission must take public testimony.

**Sec. 68. RULEMAKING.**

The Board of Barber Examiners may use expedited rulemaking procedures under Minnesota Statutes, section 14.389, to amend Minnesota Rules, chapter 2100, to conform with sections 29 to 52 and sections 69 and 70.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

**Sec. 69. TRANSITIONING APPRENTICE BARBERS TO REGISTERED BARBERS.**

An apprentice barber practicing on August 1, 2016, is eligible to apply for registered barber status. An apprentice barber must take the registered barber examination to become a registered barber. All apprentice barber registrations will be discontinued on December 31, 2017.

**EFFECTIVE DATE.** This section is effective August 1, 2016.

**Sec. 70. REPEALER.**

Minnesota Statutes 2014, sections 154.03; 154.06; 154.11, subdivision 2; and 154.12, are repealed effective August 1, 2016.

## ARTICLE 14

### MISCELLANEOUS

#### Section 1. **[290.0685] CREDIT FOR PARENTS OF STILLBORN CHILDREN.**

Subdivision 1. Credit allowed. (a) An individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151. The credit under this section is allowed only in the taxable year in which the stillbirth occurred and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.

(b) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 2. Credit refundable. If the amount of credit that an individual is allowed under this section exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual.

Subd. 3. Appropriation. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2015.

Sec. 2. Minnesota Statutes 2014, section 297A.62, subdivision 3, is amended to read:

Subd. 3. Manufactured housing and park trailers; modular housing. (a) For retail sales of manufactured homes as defined in section 327.31, subdivision 6, for residential uses, the sales tax under subdivisions 1 and 1a is imposed on 65 percent of the dealer's cost of the manufactured home. For retail sales of new or used park trailers, as defined in section 168.002, subdivision 23, the sales tax under subdivisions 1 and 1a is imposed on 65 percent of the sales price of the park trailer.

(b) For retail sales of a modular home as defined in section 297A.668, subdivision 8, paragraph (b), for residential uses, the sales tax under subdivisions 1 and 1a is imposed on 65 percent of the modular home manufacturer's sales price of the modular home.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2016.

Sec. 3. Minnesota Statutes 2014, section 299A.41, subdivision 3, is amended to read:

Subd. 3. Killed in the line of duty. "Killed in the line of duty" does not include deaths from natural causes, except as provided in this subdivision. In the case of a peace public safety officer, "killed in the line of duty" includes the death of an a public safety officer caused by accidental means while the peace public safety officer is acting in the course and scope of duties as a peace public safety officer. Killed in the line of duty also means if a public safety officer dies as the direct and proximate result of a heart attack, stroke, or vascular rupture, that officer shall be presumed to have died as the direct and proximate result of a personal injury sustained in the line of duty if:

(1) that officer, while on duty:

(i) engaged in a situation, and that engagement involved nonroutine stressful or strenuous physical law enforcement, fire suppression, rescue, hazardous material response, emergency medical services, prison security, disaster relief, or other emergency response activity; or

(ii) participated in a training exercise, and that participation involved nonroutine stressful or strenuous physical activity;

(2) that officer died as a result of a heart attack, stroke, or vascular rupture suffered:

(i) while engaging or participating under clause (1);

(ii) while still on duty after engaging or participating under clause (1); or

(iii) not later than 24 hours after engaging or participating under clause (1); and

(3) the presumption is not overcome by competent medical evidence to the contrary.

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

Sec. 4. Minnesota Statutes 2014, section 299A.41, subdivision 4, is amended to read:

**Subd. 4. Public safety officer.** "Public safety officer" includes:

(1) a peace officer defined in section 626.84, subdivision 1, paragraph (c) or (d);

(2) a correction officer employed at a correctional facility and charged with maintaining the safety, security, discipline, and custody of inmates at the facility;

(3) an individual employed on a full-time basis by the state or by a fire department of a governmental subdivision of the state, who is engaged in any of the following duties:

(i) firefighting;

(ii) emergency motor vehicle operation;

(iii) investigation into the cause and origin of fires;

(iv) the provision of emergency medical services; or

(v) hazardous material responder;

(4) a legally enrolled member of a volunteer fire department or member of an independent nonprofit firefighting corporation who is engaged in the hazards of firefighting;

(5) a good samaritan while complying with the request or direction of a public safety officer to assist the officer;

(6) a reserve police officer or a reserve deputy sheriff while acting under the supervision and authority of a political subdivision;

(7) a driver or attendant with a licensed basic or advanced life-support transportation service who is engaged in providing emergency care;

(8) a first responder who is certified by the emergency medical services regulatory board to perform basic emergency skills before the arrival of a licensed ambulance service and who is a member of an organized service recognized by a local political subdivision to respond to medical emergencies to provide initial medical care before the arrival of an ambulance; and

(9) a person, other than a state trooper, employed by the commissioner of public safety and assigned to the State Patrol, whose primary employment duty is either Capitol security or the enforcement of commercial motor vehicle laws and regulations.

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

**Sec. 5. APPROPRIATION; PUBLIC SAFETY.**

\$260,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of public safety for payment of public safety officer survivor benefits. This is added to the appropriation in Laws 2015, chapter 75, article 1, section 5, subdivision 2, paragraph (b).

## ARTICLE 15

### CHILDREN AND FAMILIES

Section 1. Minnesota Statutes 2014, section 145.4716, subdivision 2, is amended to read:

**Subd. 2. Duties of director.** The director of child sex trafficking prevention is responsible for the following:

(1) developing and providing comprehensive training on sexual exploitation of youth for social service professionals, medical professionals, public health workers, and criminal justice professionals;

(2) collecting, organizing, maintaining, and disseminating information on sexual exploitation and services across the state, including maintaining a list of resources on the Department of Health Web site;

(3) monitoring and applying for federal funding for antitrafficking efforts that may benefit victims in the state;

(4) managing grant programs established under sections 145.4716 to 145.4718, and 609.3241, paragraph (c), clause (3);

(5) managing the request for proposals for grants for comprehensive services, including trauma-informed, culturally specific services;

(6) identifying best practices in serving sexually exploited youth, as defined in section 260C.007, subdivision 31;

(7) providing oversight of and technical support to regional navigators pursuant to section 145.4717;

(8) conducting a comprehensive evaluation of the statewide program for safe harbor of sexually exploited youth; and

(9) developing a policy consistent with the requirements of chapter 13 for sharing data related to sexually exploited youth, as defined in section 260C.007, subdivision 31, among regional navigators and community-based advocates.

Sec. 2. Minnesota Statutes 2014, section 145.4716, is amended by adding a subdivision to read:

**Subd. 3. Youth eligible for services.** Youth 24 years of age or younger shall be eligible for all services, support, and programs provided under this section and section 145.4717, and all shelter, housing beds, and services provided by the commissioner of human services to sexually exploited youth and youth at risk of sexual exploitation.

Sec. 3. Minnesota Statutes 2014, section 256D.051, subdivision 6b, is amended to read:

Subd. 6b. **Federal reimbursement.** (a) Federal financial participation from the United States Department of Agriculture for food stamp employment and training expenditures that are eligible for reimbursement through the food stamp employment and training program are dedicated funds and are annually appropriated to the commissioner of human services for the operation of the food stamp employment and training program.

(b) The appropriation must be used for skill attainment through employment, training, and support services for food stamp participants. By February 15, 2017, the commissioner shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over the food stamp employment and training program on the progress of securing additional federal reimbursement dollars under this program.

(c) Federal financial participation for the nonstate portion of food stamp employment and training costs must be paid to the county agency or service provider that incurred the costs.

**EFFECTIVE DATE.** This section is effective October 1, 2016.

Sec. 4. Minnesota Statutes 2014, section 256N.26, subdivision 3, is amended to read:

Subd. 3. **Basic monthly rate.** From January 1, 2015 July 1, 2017, to June 30, 2016 2018, the basic monthly rate must be according to the following schedule:

Ages 0-5	\$565 \$650 per month
Ages 6-12	\$670 \$770 per month
Ages 13 and older	\$790 \$910 per month

Sec. 5. Minnesota Statutes 2015 Supplement, section 256P.06, subdivision 3, is amended to read:

Subd. 3. **Income inclusions.** The following must be included in determining the income of an assistance unit:

(1) earned income; and

(2) unearned income, which includes:

(i) interest and dividends from investments and savings;

(ii) capital gains as defined by the Internal Revenue Service from any sale of real property;

(iii) proceeds from rent and contract for deed payments in excess of the principal and interest portion owed on property;

(iv) income from trusts, excluding special needs and supplemental needs trusts;

(v) interest income from loans made by the participant or household;

(vi) cash prizes and winnings;

(vii) unemployment insurance income;

(viii) retirement, survivors, and disability insurance payments;

(ix) nonrecurring income over \$60 per quarter unless earmarked and used for the purpose for which it is intended. Income and use of this income is subject to verification requirements under section 256P.04;

(x) retirement benefits;

(xi) cash assistance benefits, as defined by each program in chapters 119B, 256D, 256I, and 256J;

(xii) tribal per capita payments unless excluded by federal and state law;

(xiii) income and payments from service and rehabilitation programs that meet or exceed the state's minimum wage rate;

(xiv) income from members of the United States armed forces unless excluded from income taxes according to federal or state law;

(xv) all child support payments for programs under chapters 119B, 256D, and 256I;

(xvi) the amount of current child support received that exceeds \$100 for assistance units with one child and \$200 for assistance units with two or more children for programs under chapter 256J; and

(xvii) spousal support.

#### Sec. 6. **[260C.125] CASE TRANSFER PROCESS.**

Subdivision 1. Purpose. This section pertains to the transfer of responsibility for the placement and care of an Indian child in out-of-home placement from the responsible social services agency to a tribal title IV-E agency or an Indian tribe in and outside of Minnesota with a title IV-E agreement.

Subd. 2. Establishment of transfer procedures. The responsible social services agency shall establish and maintain procedures, in consultation with Indian tribes, for the transfer of responsibility for placement and care of a child to a tribal agency. Transfer of a child's case under this section shall not affect the child's title IV-E and Medicaid eligibility.

Subd. 3. Title IV-E eligibility. If a child's title IV-E eligibility has not been determined by the responsible social services agency by the time of transfer, it shall be established at the time of the transfer by the responsible social services agency.

Subd. 4. Documentation and information. Essential documents and information shall be transferred to a tribal agency, including but not limited to:

(1) district court judicial determinations to the effect that continuation in the home from which the child was removed would be contrary to the welfare of the child and that reasonable efforts were made to ensure placement prevention and family reunification pursuant to section 260.012;

(2) documentation related to the child's permanency proceeding under sections 260C.503 to 260C.521;

(3) documentation from the responsible social services agency related to the child's title IV-E eligibility;

(4) documentation regarding the child's eligibility or potential eligibility for other federal benefits;

(5) the child's case plan, developed pursuant to the Social Security Act, United States Code, title 42, sections 675(1) and 675a, including health and education records of the child pursuant to the Social Security Act, United States Code, title 42, section 675(1)(c); and section 260C.212, subdivision 1, and information; and

(6) documentation of the child's placement setting, including a copy of the most recent provider's license.

Sec. 7. Minnesota Statutes 2015 Supplement, section 260C.203, is amended to read:

**260C.203 ADMINISTRATIVE OR COURT REVIEW OF PLACEMENTS.**

(a) Unless the court is conducting the reviews required under section 260C.202, there shall be an administrative review of the out-of-home placement plan of each child placed in foster care no later than 180 days after the initial placement of the child in foster care and at least every six months thereafter if the child is not returned to the home of the parent or parents within that time. The out-of-home placement plan must be monitored and updated at each administrative review. The administrative review shall be conducted by the responsible social services agency using a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review. The administrative review shall be open to participation by the parent or guardian of the child and the child, as appropriate.

(b) As an alternative to the administrative review required in paragraph (a), the court may, as part of any hearing required under the Minnesota Rules of Juvenile Protection Procedure, conduct a hearing to monitor and update the out-of-home placement plan pursuant to the procedure and standard in section 260C.201, subdivision 6, paragraph (d). The party requesting review of the out-of-home placement plan shall give parties to the proceeding notice of the request to review and update the out-of-home placement plan. A court review conducted pursuant to section 260C.141, subdivision 2; 260C.193; 260C.201, subdivision 1; 260C.202; 260C.204; 260C.317; or 260D.06 shall satisfy the requirement for the review so long as the other requirements of this section are met.

(c) As appropriate to the stage of the proceedings and relevant court orders, the responsible social services agency or the court shall review:

(1) the safety, permanency needs, and well-being of the child;

(2) the continuing necessity for and appropriateness of the placement;

(3) the extent of compliance with the out-of-home placement plan;

(4) the extent of progress that has been made toward alleviating or mitigating the causes necessitating placement in foster care;

(5) the projected date by which the child may be returned to and safely maintained in the home or placed permanently away from the care of the parent or parents or guardian; and

(6) the appropriateness of the services provided to the child.

(d) When a child is age 14 or older:-

(1) in addition to any administrative review conducted by the responsible social services agency, at the in-court review required under section 260C.317, subdivision 3, clause (3), or

260C.515, subdivision 5 or 6, the court shall review the independent living plan required under section 260C.212, subdivision 1, paragraph (c), clause (12), and the provision of services to the child related to the well-being of the child as the child prepares to leave foster care. The review shall include the actual plans related to each item in the plan necessary to the child's future safety and well-being when the child is no longer in foster care; and

(e) At the court review required under paragraph (d) for a child age 14 or older, the following procedures apply:

(1) six months before the child is expected to be discharged from foster care, the responsible social services agency shall give the written notice required under section 260C.451, subdivision 1, regarding the right to continued access to services for certain children in foster care past age 18 and of the right to appeal a denial of social services under section 256.045. The agency shall file a copy of the notice, including the right to appeal a denial of social services, with the court. If the agency does not file the notice by the time the child is age 17-1/2, the court shall require the agency to give it;

(2) consistent with the requirements of the independent living plan, the court shall review progress toward or accomplishment of the following goals:

- (i) the child has obtained a high school diploma or its equivalent;
  - (ii) the child has completed a driver's education course or has demonstrated the ability to use public transportation in the child's community;
  - (iii) the child is employed or enrolled in postsecondary education;
  - (iv) the child has applied for and obtained postsecondary education financial aid for which the child is eligible;
  - (v) the child has health care coverage and health care providers to meet the child's physical and mental health needs;
  - (vi) the child has applied for and obtained disability income assistance for which the child is eligible;
  - (vii) the child has obtained affordable housing with necessary supports, which does not include a homeless shelter;
  - (viii) the child has saved sufficient funds to pay for the first month's rent and a damage deposit;
  - (ix) the child has an alternative affordable housing plan, which does not include a homeless shelter, if the original housing plan is unworkable;
  - (x) the child, if male, has registered for the Selective Service; and
  - (xi) the child has a permanent connection to a caring adult; and
- (3) the court shall ensure that the responsible agency in conjunction with the placement provider assists the child in obtaining the following documents prior to the child's leaving foster care: a Social Security card; the child's birth certificate; a state identification card or driver's license; tribal enrollment identification card; green card, or school visa; the child's school, medical, and dental records; a contact list of the child's medical, dental, and mental health providers; and contact information for the child's siblings, if the siblings are in foster care.

(f) For a child who will be discharged from foster care at age 18 or older, the responsible social services agency is required to develop a personalized transition plan as directed by the youth. The transition plan must be developed during the 90-day period immediately prior to the expected date of discharge. The transition plan must be as detailed as the child may elect and include specific options on housing, health insurance, education, local opportunities for mentors and continuing support services, and work force supports and employment services. The agency shall ensure that the youth receives, at no cost to the youth, a copy of the youth's consumer credit report as defined in section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report. The plan must include information on the importance of designating another individual to make health care treatment decisions on behalf of the child if the child becomes unable to participate in these decisions and the child does not have, or does not want, a relative who would otherwise be authorized to make these decisions. The plan must provide the child with the option to execute a health care directive as provided under chapter 145C. The agency shall also provide the youth with appropriate contact information if the youth needs more information or needs help dealing with a crisis situation through age 21.

Sec. 8. Minnesota Statutes 2015 Supplement, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in foster care by court order or a voluntary placement agreement between the responsible social services agency and the child's parent pursuant to section 260C.227 or chapter 260D.

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the foster care facility, and, where appropriate, the child. When a child is age 14 or older, the child may include two other individuals on the team preparing the child's out-of-home placement plan. The child may select one member of the case planning team to be designated as the child's advisor and to advocate with respect to the application of the reasonable and prudent parenting standards. The responsible social services agency may reject an individual selected by the child if the agency has good cause to believe that the individual would not act in the best interest of the child. For a child in voluntary foster care for treatment under chapter 260D, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. For a child 18 years of age or older, the responsible social services agency shall involve the child and the child's parents as appropriate. As appropriate, the plan shall be:

(1) submitted to the court for approval under section 260C.178, subdivision 7;

(2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and

(3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.

(c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the foster care home or facility selected, including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in foster care, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make in order for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

(i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

(ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;

(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 26b or 27, and siblings of the child if the siblings are not placed together in foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in foster care;

(6) when a child cannot return to or be in the care of either parent, documentation of steps to finalize adoption as the permanency plan for the child through reasonable efforts to place the child for adoption. At a minimum, the documentation must include consideration of whether adoption is in the best interests of the child, child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b);

(7) when a child cannot return to or be in the care of either parent, documentation of steps to finalize the transfer of permanent legal and physical custody to a relative as the permanency plan for the child. This documentation must support the requirements of the kinship placement agreement under section 256N.22 and must include the reasonable efforts used to determine that it is not appropriate for the child to return home or be adopted, and reasons why permanent placement with a relative through a Northstar kinship assistance arrangement is in the child's best interest; how the child meets the eligibility requirements for Northstar kinship assistance payments; agency efforts to discuss adoption with the child's relative foster parent and reasons why the relative foster parent chose not to pursue adoption, if applicable; and agency efforts to discuss with the child's parent or

parents the permanent transfer of permanent legal and physical custody or the reasons why these efforts were not made;

(8) efforts to ensure the child's educational stability while in foster care, ~~including for a child who attained the minimum age for compulsory school attendance under state law and is enrolled full time in elementary or secondary school, or instructed in elementary or secondary education at home, or instructed in an independent study elementary or secondary program, or incapable of attending school on a full-time basis due to a medical condition that is documented and supported by regularly updated information in the child's case plan.~~ Educational stability efforts include:

(i) efforts to ensure that the child remains in the same school in which the child was enrolled prior to placement or upon the child's move from one placement to another, including efforts to work with the local education authorities to ensure the child's educational stability and attendance; or

(ii) if it is not in the child's best interest to remain in the same school that the child was enrolled in prior to placement or move from one placement to another, efforts to ensure immediate and appropriate enrollment for the child in a new school;

(9) the educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) a statement about how the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement; and

(v) any other relevant educational information;

(10) the efforts by the ~~local responsible social services~~ agency to ensure the oversight and continuity of health care services for the foster child, including:

(i) the plan to schedule the child's initial health screens;

(ii) how the child's known medical problems and identified needs from the screens, including any known communicable diseases, as defined in section 144.4172, subdivision 2, ~~will shall~~ be monitored and treated while the child is in foster care;

(iii) how the child's medical information ~~will shall~~ be updated and shared, including the child's immunizations;

(iv) who is responsible to coordinate and respond to the child's health care needs, including the role of the parent, the agency, and the foster parent;

(v) who is responsible for oversight of the child's prescription medications;

(vi) how physicians or other appropriate medical and nonmedical professionals ~~will shall~~ be consulted and involved in assessing the health and well-being of the child and determine the appropriate medical treatment for the child; and

(vii) the responsibility to ensure that the child has access to medical care through either medical insurance or medical assistance;

(11) the health records of the child including information available regarding:

(i) the names and addresses of the child's health care and dental care providers;

(ii) a record of the child's immunizations;

(iii) the child's known medical problems, including any known communicable diseases as defined in section 144.4172, subdivision 2;

(iv) the child's medications; and

(v) any other relevant health care information such as the child's eligibility for medical insurance or medical assistance;

(12) an independent living plan for a child age 14 years of age or older, developed in consultation with the child. The child may select one member of the case planning team to be designated as the child's advisor and to advocate with respect to the application of the reasonable and prudent parenting standards in subdivision 14. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management, including the responsibility of the responsible social services agency to ensure that the youth child annually receives, at no cost to the youth child, a consumer report as defined under section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report;

(v) planning for housing;

(vi) social and recreational skills;

(vii) establishing and maintaining connections with the child's family and community; and

(viii) regular opportunities to engage in age-appropriate or developmentally appropriate activities typical for the child's age group, taking into consideration the capacities of the individual child; and

(13) for a child in voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes; and

(14) for a child 14 years of age or older, a signed acknowledgment that describes the child's rights regarding education, health care, visitation, safety and protection from exploitation, and court participation; receipt of the documents identified in section 260C.452; and receipt of an annual credit report. The acknowledgment shall state that the rights were explained in an age-appropriate manner to the child.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from

their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 9. Minnesota Statutes 2015 Supplement, section 260C.212, subdivision 14, is amended to read:

**Subd. 14. Support age-appropriate and developmentally appropriate activities for foster children.** (a) Responsible social services agencies and licensed child-placing agencies shall support a foster child's emotional and developmental growth by permitting the child to participate in activities or events that are generally accepted as suitable for children of the same chronological age or are developmentally appropriate for the child. "Developmentally appropriate" means based on a child's cognitive, emotional, physical, and behavioral capacities that are typical for an age or age group. Foster parents and residential facility staff are permitted to allow foster children to participate in extracurricular, social, or cultural activities that are typical for the child's age by applying reasonable and prudent parenting standards.

(b) "Reasonable and prudent parenting" means the standards are characterized by careful and sensible parenting decisions that maintain the child's health and safety, cultural, religious, and are made in the child's tribal values, and best interest interests while encouraging the child's emotional and developmental growth.

(c) The commissioner shall provide guidance about the childhood activities and factors a foster parent and authorized residential facility staff must consider when applying the reasonable and prudent parenting standards. The factors must include the:

- (1) child's age, maturity, and developmental level;
- (2) risk of activity;
- (3) best interests of the child;
- (4) importance of the experience in the child's emotional and developmental growth;
- (5) importance of a family-like experience;
- (6) behavioral history of the child; and
- (7) wishes of the child's parent or legal guardian, as appropriate.

(d) A residential facility licensed under Minnesota Rules, chapter 2960, must have at least one onsite staff person who is trained on the standards according to section 260C.215, subdivision 4, and authorized to apply the reasonable and prudent parenting standards to decisions involving the approval of a foster child's participation in age and developmentally appropriate extracurricular,

social, or cultural activities. The onsite staff person referenced in this paragraph is not required to be available 24 hours per day.

(e) The foster parent or designated staff at residential facilities demonstrating compliance with the reasonable and prudent parenting standards shall not incur civil liability if a foster child is harmed or injured because of participating in approved extracurricular, enrichment, cultural, and social activities.

Sec. 10. Minnesota Statutes 2015 Supplement, section 260C.215, subdivision 4, is amended to read:

Subd. 4. **Duties of commissioner.** The commissioner of human services shall:

(1) provide practice guidance to responsible social services agencies and licensed child-placing agencies that reflect federal and state laws and policy direction on placement of children;

(2) develop criteria for determining whether a prospective adoptive or foster family has the ability to understand and validate the child's cultural background;

(3) provide a standardized training curriculum for adoption and foster care workers and administrators who work with children. Training must address the following objectives:

(i) developing and maintaining sensitivity to all cultures;

(ii) assessing values and their cultural implications;

(iii) making individualized placement decisions that advance the best interests of a particular child under section 260C.212, subdivision 2; and

(iv) issues related to cross-cultural placement;

(4) provide a training curriculum for all prospective adoptive and foster families that prepares them to care for the needs of adoptive and foster children taking into consideration the needs of children outlined in section 260C.212, subdivision 2, paragraph (b), and, as necessary, preparation is continued after placement of the child and includes the knowledge and skills related to reasonable and prudent parenting standards for the participation of the child in age or developmentally appropriate activities, according to section 260C.212, subdivision 14;

(5) develop and provide to responsible social services agencies and licensed child-placing agencies a home study format to assess the capacities and needs of prospective adoptive and foster families. The format must address problem-solving skills; parenting skills; evaluate the degree to which the prospective family has the ability to understand and validate the child's cultural background, and other issues needed to provide sufficient information for agencies to make an individualized placement decision consistent with section 260C.212, subdivision 2. For a study of a prospective foster parent, the format must also address the capacity of the prospective foster parent to provide a safe, healthy, smoke-free home environment. If a prospective adoptive parent has also been a foster parent, any update necessary to a home study for the purpose of adoption may be completed by the licensing authority responsible for the foster parent's license. If a prospective adoptive parent with an approved adoptive home study also applies for a foster care license, the license application may be made with the same agency which provided the adoptive home study; and

(6) consult with representatives reflecting diverse populations from the councils established under sections 3.922 and 15.0145, and other state, local, and community organizations.

Sec. 11. Minnesota Statutes 2015 Supplement, section 260C.451, subdivision 6, is amended to read:

**Subd. 6. Reentering foster care and accessing services after age 18 years of age and up to 21 years of age.** (a) Upon request of an individual between the ages of 18 and 21 who had been under the guardianship of the commissioner and who has left foster care without being adopted, the responsible social services agency which had been the commissioner's agent for purposes of the guardianship shall develop with the individual a plan to increase the individual's ability to live safely and independently using the plan requirements of section 260C.212, subdivision 1, paragraph (c), clause (12), and to assist the individual to meet one or more of the eligibility criteria in subdivision 4 if the individual wants to reenter foster care. The responsible social services agency shall provide foster care as required to implement the plan. The responsible social services agency shall enter into a voluntary placement agreement under section 260C.229 with the individual if the plan includes foster care.

(b) Individuals who had not been under the guardianship of the commissioner of human services prior to 18 years of age and are between the ages of 18 and 21 may ask to reenter foster care after age 18 and, to the extent funds are available, the responsible social services agency that had responsibility for planning for the individual before discharge from foster care may provide foster care or other services to the individual for the purpose of increasing the individual's ability to live safely and independently and to meet the eligibility criteria in subdivision 3a, if the individual:

(1) was in foster care for the six consecutive months prior to the person's 18th birthday and was not discharged home, adopted, or received into a relative's home under a transfer of permanent legal and physical custody under section 260C.515, subdivision 4; or

(2) was discharged from foster care while on runaway status after age 15.

(c) In conjunction with a qualifying and eligible individual under paragraph (b) and other appropriate persons, the responsible social services agency shall develop a specific plan related to that individual's vocational, educational, social, or maturational needs and, to the extent funds are available, provide foster care as required to implement the plan. The responsible social services agency shall enter into a voluntary placement agreement with the individual if the plan includes foster care.

(d) Youth A child who left foster care while under guardianship of the commissioner of human services retain retains eligibility for foster care for placement at any time between the ages of 18 and prior to 21 years of age.

Sec. 12. Minnesota Statutes 2014, section 260C.451, is amended by adding a subdivision to read:

**Subd. 9. Administrative or court review of placements.** (a) The court shall conduct reviews at least annually to ensure the responsible social services agency is making reasonable efforts to finalize the permanency plan for the child.

(b) The court shall find that the responsible social services agency is making reasonable efforts to finalize the permanency plan for the child when the responsible social services agency:

(1) provides appropriate support to the child and foster care provider to ensure continuing stability and success in placement;

(2) works with the child to plan for transition to adulthood and assists the child in demonstrating progress in achieving related goals;

(3) works with the child to plan for independent living skills and assists the child in demonstrating progress in achieving independent living goals; and

(4) prepares the child for independence according to sections 260C.203, paragraph (d), and 260C.452, subdivision 4.

(c) The responsible social services agency must ensure that an administrative review that meets the requirements of this section and section 260C.203 is completed at least six months after each of the court's annual reviews.

**Sec. 13. [260C.452] SUCCESSFUL TRANSITION TO ADULTHOOD.**

Subdivision 1. Scope. This section pertains to a child who is under the guardianship of the commissioner of human services, or who has a permanency disposition of permanent custody to the agency, or who will leave foster care at 18 to 21 years of age.

Subd. 2. Independent living plan. When the child is 14 years of age or older, the responsible social services agency, in consultation with the child, shall complete the independent living plan according to section 260C.212, subdivision 1, paragraph (c), clause (12).

Subd. 3. Notification. Six months before the child is expected to be discharged from foster care, the responsible social services agency shall provide written notice to the child regarding the right to continued access to services for certain children in foster care past 18 years of age and of the right to appeal a denial of social services under section 256.045.

Subd. 4. Administrative or court review of placements. (a) When the child is 14 years of age or older, the court, in consultation with the child, shall review the independent living plan according to section 260C.203, paragraph (d).

(b) The responsible social services agency shall file a copy of the notification required in subdivision 3 with the court. If the responsible social services agency does not file the notice by the time the child is 17-1/2 years of age, the court shall require the responsible social services agency to file the notice.

(c) The court shall ensure that the responsible social services agency assists the child in obtaining the following documents before the child leaves foster care: a Social Security card; an official or certified copy of the child's birth certificate; a state identification card or driver's license, tribal enrollment identification card, green card, or school visa; health insurance information; the child's school, medical, and dental records; a contact list of the child's medical, dental, and mental health providers; and contact information for the child's siblings, if the siblings are in foster care.

(d) For a child who will be discharged from foster care at 18 years of age or older, the responsible social services agency must develop a personalized transition plan as directed by the child during the 90-day period immediately prior to the expected date of discharge. The transition plan must be as detailed as the child elects and include specific options, including but not limited to:

(1) affordable housing with necessary supports that does not include a homeless shelter;

(2) health insurance, including eligibility for medical assistance as defined in section 256B.055, subdivision 17;

(3) education, including application to the Education and Training Voucher Program;

(4) local opportunities for mentors and continuing support services, including the Healthy Transitions and Homeless Prevention program, if available;

(5) workforce supports and employment services;

(6) a copy of the child's consumer credit report as defined in section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report, at no cost to the child;

(7) information on executing a health care directive under chapter 145C and on the importance of designating another individual to make health care decisions on behalf of the child if the child becomes unable to participate in decisions; and

(8) appropriate contact information through 21 years of age if the child needs information or help dealing with a crisis situation.

Subd. 5. Notice of termination of foster care. (a) When a child leaves foster care at 18 years of age or older, the responsible social services agency shall give the child written notice that foster care shall terminate 30 days from the date the notice is sent.

(b) The child or the child's guardian ad litem may file a motion asking the court to review the responsible social services agency's determination within 15 days of receiving the notice. The child shall not be discharged from foster care until the motion is heard. The responsible social services agency shall work with the child to transition out of foster care.

(c) The written notice of termination of benefits shall be on a form prescribed by the commissioner and shall give notice of the right to have the responsible social services agency's determination reviewed by the court under this section or sections 260C.203, 260C.317, and 260C.515, subdivision 5 or 6. A copy of the termination notice shall be sent to the child and the child's attorney, if any, the foster care provider, the child's guardian ad litem, and the court. The responsible social services agency is not responsible for paying foster care benefits for any period of time after the child leaves foster care.

Sec. 14. Minnesota Statutes 2015 Supplement, section 260C.521, subdivision 1, is amended to read:

**Subdivision 1. Child in permanent custody of responsible social services agency.** (a) Court reviews of an order for permanent custody to the responsible social services agency for placement of the child in foster care must be conducted at least yearly at an in-court appearance hearing.

(b) The purpose of the review hearing is to ensure:

(1) the responsible social services agency made intensive, ongoing, and, as of the date of the hearing, unsuccessful efforts to return the child home or secure a placement for the child with a fit and willing relative, custodian, or adoptive parent, and an order for permanent custody to the responsible social services agency for placement of the child in foster care continues to be in the best interests of the child and that no other permanency disposition order is in the best interests of the child;

(2) that the responsible social services agency is assisting the child to build connections to the child's family and community; and

(3) that the responsible social services agency is appropriately planning with the child for development of independent living skills for the child and, as appropriate, for the orderly and successful transition to independent living adulthood that may occur if the child continues in foster care without another permanency disposition order; ;

(4) the child's foster family home or child care institution is following the reasonable and prudent parenting standards; and

(5) the child has regular, ongoing opportunities to engage in age or developmentally appropriate activities by consulting with the child in an age-appropriate manner about the opportunities.

(c) The court must review the child's out-of-home placement plan and the reasonable efforts of the responsible social services agency to finalize an alternative permanent plan for the child including the responsible social services agency's efforts to:

(1) ensure that permanent custody to the responsible social services agency with placement of the child in foster care continues to be the most appropriate legal arrangement for meeting the child's need for permanency and stability ~~or, if not, to identify and attempt to finalize another permanency disposition order under this chapter that would better serve the child's needs and best interests; by reviewing the compelling reasons it continues not to be in the best interest of the child to:~~

(i) return home;

(ii) be placed for adoption; or

(iii) be placed with a fit and willing relative through an order for permanent legal and physical custody under section 260C.515, subdivision 4;

(2) identify a specific foster home for the child, if one has not already been identified;

(3) support continued placement of the child in the identified home, if one has been identified;

(4) ensure appropriate services are provided to address the physical health, mental health, and educational needs of the child during the period of foster care and also ensure appropriate services or assistance to maintain relationships with appropriate family members and the child's community; and

(5) plan for the child's independence upon the child's leaving foster care living as required under section 260C.212, subdivision 1.

(d) The court may find that the responsible social services agency has made reasonable efforts to finalize the permanent plan for the child when:

(1) the responsible social services agency has made reasonable efforts to identify a more legally permanent home for the child than is provided by an order for permanent custody to the agency for placement in foster care;

(2) the child has been asked about the child's desired permanency outcome; and

(3) the responsible social services agency's engagement of the child in planning for independent living a successful transition to adulthood is reasonable and appropriate.

**Sec. 15. [260D.14] SUCCESSFUL TRANSITION TO ADULTHOOD FOR CHILDREN IN VOLUNTARY PLACEMENT.**

Subdivision 1. Case planning. When the child is 14 years of age or older, the responsible social services agency shall ensure a child in foster care under this chapter is provided with the case plan requirements in section 260C.212, subdivisions 1 and 14.

Subd. 2. Notification. The responsible social services agency shall provide written notice of the right to continued access to services for certain children in foster care past 18 years of age under section 260C.452, subdivision 3, and of the right to appeal a denial of social services under section 256.045. The notice must be provided to the child six months before the child's 18th birthday.

Subd. 3. Administrative or court reviews. When the child is 17 years of age or older, the administrative review or court hearing must include a review of the responsible social services agency's support for the child's successful transition to adulthood as required in section 260C.452, subdivision 4.

Sec. 16. Minnesota Statutes 2014, section 518.175, subdivision 5, is amended to read:

Subd. 5. Modification of parenting plan or order for parenting time. (a) If a parenting plan or an order granting parenting time cannot be used to determine the number of overnights or overnight equivalents the child has with each parent, the court shall modify the parenting plan or order granting parenting time so that the number of overnights or overnight equivalents the child has with each parent can be determined. For purposes of this section, "overnight equivalents" has the meaning given in section 518A.36, subdivision 1.

(b) If modification would serve the best interests of the child, the court shall modify the decision-making provisions of a parenting plan or an order granting or denying parenting time, if the modification would not change the child's primary residence. Consideration of a child's best interest includes a child's changing developmental needs.

(b) (c) Except as provided in section 631.52, the court may not restrict parenting time unless it finds that:

(1) parenting time is likely to endanger the child's physical or emotional health or impair the child's emotional development; or

(2) the parent has chronically and unreasonably failed to comply with court-ordered parenting time.

A modification of parenting time which increases a parent's percentage of parenting time to an amount that is between 45.1 to 54.9 percent parenting time is not a restriction of the other parent's parenting time.

(e) (d) If a parent makes specific allegations that parenting time by the other parent places the parent or child in danger of harm, the court shall hold a hearing at the earliest possible time to determine the need to modify the order granting parenting time. Consistent with subdivision 1a, the court may require a third party, including the local social services agency, to supervise the parenting time or may restrict a parent's parenting time if necessary to protect the other parent or child from harm. If there is an existing order for protection governing the parties, the court shall consider the use of an independent, neutral exchange location for parenting time.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 17. Minnesota Statutes 2015 Supplement, section 518A.26, subdivision 14, is amended to read:

Subd. 14. **Obligor.** "Obligor" means a person obligated to pay maintenance or support. For purposes of ordering medical support under section 518A.41, a parent who has primary physical custody of a child may be an obligor subject to a payment agreement under section 518A.69. If a parent has more than 55 percent court-ordered parenting time, there is a rebuttable presumption that the parent has a zero dollar basic support obligation. A party seeking to overcome this presumption must show, and the court must consider, the following:

- (1) a significant income disparity, which may include potential income determined under section 518A.32;
- (2) the benefit and detriment to the child and the ability of each parent to meet the needs of the child; and
- (3) whether the application of the presumption would have an unjust or inappropriate result.

The presumption of a zero dollar basic support obligation does not eliminate a parent's obligation to pay child support arrears under section 518A.60. The presumption of a zero dollar basic support obligation does not apply to an action under section 256.87, subdivision 1 or 1a.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 18. Minnesota Statutes 2014, section 518A.34, is amended to read:

**518A.34 COMPUTATION OF CHILD SUPPORT OBLIGATIONS.**

(a) To determine the presumptive child support obligation of a parent, the court shall follow the procedure set forth in this section.

(b) To determine the obligor's basic support obligation, the court shall:

(1) determine the gross income of each parent under section 518A.29;

(2) calculate the parental income for determining child support (PICS) of each parent, by subtracting from the gross income the credit, if any, for each parent's nonjoint children under section 518A.33;

(3) determine the percentage contribution of each parent to the combined PICS by dividing the combined PICS into each parent's PICS;

(4) determine the combined basic support obligation by application of the guidelines in section 518A.35;

(5) determine the obligor's each parent's share of the combined basic support obligation by multiplying the percentage figure from clause (3) by the combined basic support obligation in clause (4); and

(6) determine the parenting expense adjustment, if any, as apply the parenting expense adjustment formula provided in section 518A.36, and adjust the obligor's basic support obligation accordingly to determine the obligor's basic support obligation. If the parenting time of the parties

~~is presumed equal, section 518A.36, subdivision 3, applies to the calculation of the basic support obligation and a determination of which parent is the obligor.~~

(c) If the parents have split custody of joint children, child support must be calculated for each joint child as follows:

(1) the court shall determine each parent's basic support obligation under paragraph (b) and include the amount of each parent's obligation in the court order. If the basic support calculation results in each parent owing support to the other, the court shall offset the higher basic support obligation with the lower basic support obligation to determine the amount to be paid by the parent with the higher obligation to the parent with the lower obligation. For the purpose of the cost-of-living adjustment required under section 518A.75, the adjustment must be based on each parent's basic support obligation prior to offset. For the purposes of this paragraph, "split custody" means that there are two or more joint children and each parent has at least one joint child more than 50 percent of the time;

(2) if each parent pays all child care expenses for at least one joint child, the court shall calculate child care support for each joint child as provided in section 518A.40. The court shall determine each parent's child care support obligation and include the amount of each parent's obligation in the court order. If the child care support calculation results in each parent owing support to the other, the court shall offset the higher child care support obligation with the lower child care support obligation to determine the amount to be paid by the parent with the higher obligation to the parent with the lower obligation; and

(3) if each parent pays all medical or dental insurance expenses for at least one joint child, medical support shall be calculated for each joint child as provided in section 518A.41. The court shall determine each parent's medical support obligation and include the amount of each parent's obligation in the court order. If the medical support calculation results in each parent owing support to the other, the court shall offset the higher medical support obligation with the lower medical support obligation to determine the amount to be paid by the parent with the higher obligation to the parent with the lower obligation. Unreimbursed and uninsured medical expenses are not included in the presumptive amount of support owed by a parent and are calculated and collected as provided in section 518A.41.

(d) The court shall determine the child care support obligation for the obligor as provided in section 518A.40.

(d) (e) The court shall determine the medical support obligation for each parent as provided in section 518A.41. Unreimbursed and uninsured medical expenses are not included in the presumptive amount of support owed by a parent and are calculated and collected as described in section 518A.41.

(e) (f) The court shall determine each parent's total child support obligation by adding together each parent's basic support, child care support, and health care coverage obligations as provided in this section.

(f) (g) If Social Security benefits or veterans' benefits are received by one parent as a representative payee for a joint child based on the other parent's eligibility, the court shall subtract the amount of benefits from the other parent's net child support obligation, if any.

(g) (h) The final child support order shall separately designate the amount owed for basic support, child care support, and medical support. If applicable, the court shall use the self-support adjustment

and minimum support adjustment under section 518A.42 to determine the obligor's child support obligation.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 19. Minnesota Statutes 2014, section 518A.35, subdivision 1, is amended to read:

**Subdivision 1. Determination of support obligation.** (a) The guideline in this section is a rebuttable presumption and shall be used in any judicial or administrative proceeding to establish or modify a support obligation under this chapter.

(b) The basic child support obligation shall be determined by referencing the guideline for the appropriate number of joint children and the combined parental income for determining child support of the parents.

(c) If a child is not in the custody of either parent and a support order is sought against one or both parents, the basic child support obligation shall be determined by referencing the guideline for the appropriate number of joint children, and the parent's individual parental income for determining child support, not the combined parental incomes for determining child support of the parents. Unless a parent has court-ordered parenting time, the parenting expense adjustment formula under section 518A.34 must not be applied.

(d) If a child is in custody of either parent and a support order is sought by the public authority under section 256.87, unless the parent against whom the support order is sought has court-ordered parenting time, the support obligation must be determined by referencing the guideline for the appropriate number of joint children and the parent's individual income without application of the parenting expense adjustment formula under section 518A.34.

(e) For combined parental incomes for determining child support exceeding \$15,000 per month, the presumed basic child support obligations shall be as for parents with combined parental income for determining child support of \$15,000 per month. A basic child support obligation in excess of this level may be demonstrated for those reasons set forth in section 518A.43.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 20. Minnesota Statutes 2014, section 518A.36, is amended to read:

**518A.36 PARENTING EXPENSE ADJUSTMENT.**

**Subdivision 1. General.** (a) The parenting expense adjustment under this section reflects the presumption that while exercising parenting time, a parent is responsible for and incurs costs of caring for the child, including, but not limited to, food, clothing, transportation, recreation, and household expenses. Every child support order shall specify the percentage of parenting time granted to or presumed for each parent. For purposes of this section, the percentage of parenting time means the percentage of time a child is scheduled to spend with the parent during a calendar year according to a court order averaged over a two-year period. Parenting time includes time with the child whether it is designated as visitation, physical custody, or parenting time. The percentage of parenting time may be determined by calculating the number of overnights or overnight equivalents that a child parent spends with a parent, or child pursuant to a court order. For purposes of this section, overnight equivalents are calculated by using a method other than overnights if the parent has significant time periods on separate days where the child is in the parent's physical custody and under the direct care

of the parent but does not stay overnight. The court may consider the age of the child in determining whether a child is with a parent for a significant period of time.

(b) If there is not a court order awarding parenting time, the court shall determine the child support award without consideration of the parenting expense adjustment. If a parenting time order is subsequently issued or is issued in the same proceeding, then the child support order shall include application of the parenting expense adjustment.

**Subd. 2. Calculation of parenting expense adjustment.** The obligor is entitled to a parenting expense adjustment calculated as provided in this subdivision. The court shall:

(1) find the adjustment percentage corresponding to the percentage of parenting time allowed to the obligor below:

	Percentage Range of Parenting Time	Adjustment Percentage
(i)	less than 10 percent	no adjustment
(ii)	10 percent to 45 percent	+2 percent
(iii)	45.1 percent to 50 percent	presume parenting time is equal

(2) multiply the adjustment percentage by the obligor's basic child support obligation to arrive at the parenting expense adjustment; and

(3) subtract the parenting expense adjustment from the obligor's basic child support obligation. The result is the obligor's basic support obligation after parenting expense adjustment.

(a) For the purposes of this section, the following terms have the meanings given:

(1) "parent A" means the parent with whom the child or children will spend the least number of overnights under the court order; and

(2) "parent B" means the parent with whom the child or children will spend the greatest number of overnights under the court order.

(b) The court shall apply the following formula to determine which parent is the obligor and calculate the basic support obligation:

(1) raise to the power of three the approximate number of annual overnights the child or children will likely spend with parent A;

(2) raise to the power of three the approximate number of annual overnights the child or children will likely spend with parent B;

(3) multiply the result of clause (1) times parent B's share of the combined basic support obligation as determined in section 518A.34, paragraph (b), clause (5);

(4) multiply the result of clause (2) times parent A's share of the combined basic support obligation as determined in section 518A.34, paragraph (b), clause (5);

(5) subtract the result of clause (4) from the result of clause (3); and

(6) divide the result of clause (5) by the sum of clauses (1) and (2).

(c) If the result is a negative number, parent A is the obligor, the negative number becomes its positive equivalent, and the result is the basic support obligation. If the result is a positive number, parent B is the obligor and the result is the basic support obligation.

Subd. 3. **Calculation of basic support when parenting time presumed is equal.** (a) If the parenting time is equal and the parental incomes for determining child support of the parents also are equal, no basic support shall be paid unless the court determines that the expenses for the child are not equally shared.

~~(b) If the parenting time is equal but the parents' parental incomes for determining child support are not equal, the parent having the greater parental income for determining child support shall be obligated for basic child support, calculated as follows:~~

~~(1) multiply the combined basic support calculated under section 518A.34 by 0.75;~~

~~(2) prorate the amount under clause (1) between the parents based on each parent's proportionate share of the combined PICs; and~~

~~(3) subtract the lower amount from the higher amount.~~

The resulting figure is the obligation after parenting expense adjustment for the parent with the greater parental income for determining child support.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 21. Minnesota Statutes 2015 Supplement, section 518A.39, subdivision 2, is amended to read:

Subd. 2. **Modification.** (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following, any of which makes the terms unreasonable and unfair: (1) substantially increased or decreased gross income of an obligor or obligee; (2) substantially increased or decreased need of an obligor or obligee or the child or children that are the subject of these proceedings; (3) receipt of assistance under the AFDC program formerly codified under sections 256.72 to 256.87 or 256B.01 to 256B.40, or chapter 256J or 256K; (4) a change in the cost of living for either party as measured by the Federal Bureau of Labor Statistics; (5) extraordinary medical expenses of the child not provided for under section 518A.41; (6) a change in the availability of appropriate health care coverage or a substantial increase or decrease in health care coverage costs; (7) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses; or (8) upon the emancipation of the child, as provided in subdivision 5.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

(1) the application of the child support guidelines in section 518A.35, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$75 per month higher or lower than the current support order or, if the current support order is less than \$75, it results in a calculated court order that is at least 20 percent per month higher or lower;

(2) the medical support provisions of the order established under section 518A.41 are not enforceable by the public authority or the obligee;

(3) health coverage ordered under section 518A.41 is not available to the child for whom the order is established by the parent ordered to provide;

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount;

(5) the gross income of an obligor or obligee has decreased by at least 20 percent through no fault or choice of the party; or

(6) a deviation was granted based on the factor in section 518A.43, subdivision 1, clause (4), and the child no longer resides in a foreign country or the factor is otherwise no longer applicable.

(c) A child support order is not presumptively modifiable solely because an obligor or obligee becomes responsible for the support of an additional nonjoint child, which is born after an existing order. Section 518A.33 shall be considered if other grounds are alleged which allow a modification of support.

(d) If child support was established by applying a parenting expense adjustment or presumed equal parenting time calculation under previously existing child support guidelines and there is no parenting plan or order from which overnights or overnight equivalents can be determined, there is a rebuttable presumption that the established adjustment or calculation will continue after modification so long as the modification is not based on a change in parenting time. In determining an obligation under previously existing child support guidelines, it is presumed that the court shall:

(1) if a 12 percent parenting expense adjustment was applied, multiply the obligor's share of the combined basic support obligation calculated under section 518A.34, paragraph (b), clause (5), by 0.88; or

(2) if the parenting time was presumed equal but the parents' parental incomes for determining child support were not equal:

(i) multiply the combined basic support obligation under section 518A.34, paragraph (b), clause (5), by 0.075;

(ii) prorate the amount under item (i) between the parents based on each parent's proportionate share of the combined PICS; and

(iii) subtract the lower amount from the higher amount.

(e) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518A.35, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

- (ii) the excess employment is voluntary and not a condition of employment;
- (iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;
- (iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;
- (v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and
- (vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

~~(e)~~ (f) A modification of support or maintenance, including interest that accrued pursuant to section 548.091, may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record, unless the court adopts an alternative effective date under paragraph (l). The court's adoption of an alternative effective date under paragraph (l) shall not be considered a retroactive modification of maintenance or support.

~~(f)~~ (g) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518A.71.

~~(g)~~ (h) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

~~(h)~~ (i) Sections 518.14 and 518A.735 shall govern the award of attorney fees for motions brought under this subdivision.

~~(i)~~ (j) Except as expressly provided, an enactment, amendment, or repeal of law does not constitute a substantial change in the circumstances for purposes of modifying a child support order.

~~(j)~~ MS 2006 [Expired]

(k) On the first modification under the income shares method of calculation following implementation of amended child support guidelines, the modification of basic support may be limited if the amount of the full variance would create hardship for either the obligor or the obligee. Hardship includes, but is not limited to, eligibility for assistance under chapter 256J.

(l) The court may select an alternative effective date for a maintenance or support order if the parties enter into a binding agreement for an alternative effective date.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 22. **[518A.79] CHILD SUPPORT TASK FORCE.**

Subdivision 1. Establishment; purpose. There is established the Child Support Task Force for the Department of Human Services. The purpose of the task force is to advise the commissioner of human services on matters relevant to maintaining effective and efficient child support guidelines that will best serve the children of Minnesota and take into account the changing dynamics of families.

Subd. 2. Members. (a) The task force must consist of:

- (1) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader;
- (2) two members of the senate, one appointed by the majority leader and one appointed by the minority leader;
- (3) one representative from the Minnesota County Attorneys Association;
- (4) one staff member from the Department of Human Services Child Support Division;
- (5) one representative from a tribe with an approved IV-D program appointed by resolution of the Minnesota Indian Affairs Council;
- (6) one representative from the Minnesota Family Support Recovery Council;
- (7) one child support magistrate, family court referee, or one district court judge or retired judge with experience in child support matters, appointed by the chief justice of the Supreme Court;
- (8) four parents, at least two of whom represent diverse cultural and social communities, appointed by the commissioner with equal representation between custodial and noncustodial parents;
- (9) one representative from the Minnesota Legal Services Coalition; and
- (10) one representative from the Family Law Section of the Minnesota Bar Association.

(b) Section 15.059 governs the Child Support Task Force.  
(c) Members of the task force shall be compensated as provided in section 15.059, subdivision 3.

Subd. 3. Organization. (a) The commissioner or the commissioner's designee shall convene the first meeting of the task force.

(b) The members of the task force shall annually elect a chair and other officers as the members deem necessary.  
(c) The task force shall meet at least three times per year, with one meeting devoted to collecting input from the public.

Subd. 4. Staff. The commissioner shall provide support staff, office space, and administrative services for the task force.

Subd. 5. Duties of the task force. (a) General duties of the task force include, but are not limited to:

- (1) serving in an advisory capacity to the commissioner of human services;
  - (2) reviewing the effects of implementing the parenting expense adjustment enacted by the 2016 legislature;
  - (3) at least every four years, preparing for and advising the commissioner on the development of the quadrennial review report;
  - (4) collecting and studying information and data relating to child support awards; and
  - (5) conducting a comprehensive review of child support guidelines, economic conditions, and other matters relevant to maintaining effective and efficient child support guidelines.
- (b) The task force must review, address, and make recommendations on the following priority issues:
- (1) the self-support reserve for custodial and noncustodial parents;
  - (2) simultaneous child support orders;
  - (3) obligors who are subject to child support orders in multiple counties;
  - (4) parents with multiple families;
  - (5) non-nuclear families, such as grandparents, relatives, and foster parents who are caretakers of children;
  - (6) standards to apply for modifications; and
  - (7) updating section 518A.35, subdivision 2, the guideline for basic support.

Subd. 6. **Consultation.** The chair of the task force must consult with the Cultural and Ethnic Communities Leadership Council at least annually on the issues under consideration by the task force.

Subd. 7. **Report and recommendations.** Beginning February 15, 2018, and biennially thereafter, if the task force is extended by the legislature, the commissioner shall prepare and submit to the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over child support matters a report that summarizes the activities of the task force, issues identified by the task force, methods taken to address the issues, and recommendations for legislative action, if needed.

Subd. 8. **Expiration.** The task force expires June 30, 2019, unless extended by the legislature.

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

Sec. 23. Minnesota Statutes 2014, section 609.3241, is amended to read:

**609.3241 PENALTY ASSESSMENT AUTHORIZED.**

(a) When a court sentences an adult convicted of violating section 609.322 or 609.324, while acting other than as a prostitute, the court shall impose an assessment of not less than \$500 and not more than \$750 for a violation of section 609.324, subdivision 2, or a misdemeanor violation of section 609.324, subdivision 3; otherwise the court shall impose an assessment of not less than

\$750 and not more than \$1,000. The assessment shall be distributed as provided in paragraph (c) and is in addition to the surcharge required by section 357.021, subdivision 6.

(b) The court may not waive payment of the minimum assessment required by this section. If the defendant qualifies for the services of a public defender or the court finds on the record that the convicted person is indigent or that immediate payment of the assessment would create undue hardship for the convicted person or that person's immediate family, the court may reduce the amount of the minimum assessment to not less than \$100. The court also may authorize payment of the assessment in installments.

(c) The assessment collected under paragraph (a) must be distributed as follows:

(1) 40 percent of the assessment shall be forwarded to the political subdivision that employs the arresting officer for use in enforcement, training, and education activities related to combating sexual exploitation of youth, or if the arresting officer is an employee of the state, this portion shall be forwarded to the commissioner of public safety for those purposes identified in clause (3);

(2) 20 percent of the assessment shall be forwarded to the prosecuting agency that handled the case for use in training and education activities relating to combating sexual exploitation activities of youth; and

(3) 40 percent of the assessment must be forwarded to the commissioner of ~~public safety~~ health to be deposited in the safe harbor for youth account in the special revenue fund and are appropriated to the commissioner for distribution to crime victims services organizations that provide services to sexually exploited youth, as defined in section 260C.007, subdivision 31.

(d) A safe harbor for youth account is established as a special account in the state treasury.

Sec. 24. Minnesota Statutes 2015 Supplement, section 626.556, subdivision 2, is amended to read:

**Subd. 2. Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(b) "Commissioner" means the commissioner of human services.

(c) "Facility" means:

(1) a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245D;

(2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E; or

(3) a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.

(d) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege sexual abuse or substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(e) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve sexual abuse or substantial child endangerment, and for reports of maltreatment in facilities required to be licensed under chapter 245A or 245D; under sections 144.50 to 144.58 and 241.021; in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E; or in a nonlicensed personal care provider association as defined in section 256B.0625, subdivision 19a.

(f) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(g) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(h) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

(i) "Operator" means an operator or agency as defined in section 245A.02.

(j) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(k) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following:

- (1) throwing, kicking, burning, biting, or cutting a child;
- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;
- (8) striking a child who is at least age one but under age four on the face or head, which results in an injury;
- (9) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;
- (10) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or
- (11) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.
  - (l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.
  - (m) "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to this section that describes neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.
  - (n) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Effective May 29, 2017, sexual abuse includes all reports of known or suspected child sex trafficking involving a

child who is identified as a victim of sex trafficking. Sexual abuse includes child sex trafficking as defined in section 609.321, subdivisions 7a and 7b. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(o) "Substantial child endangerment" means a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child under their care that constitutes any of the following:

- (1) egregious harm as defined in section 260C.007, subdivision 14;
- (2) abandonment under section 260C.301, subdivision 2;
- (3) neglect as defined in paragraph (g), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
- (4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (5) manslaughter in the first or second degree under section 609.20 or 609.205;
- (6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (7) solicitation, inducement, and promotion of prostitution under section 609.322;
- (8) criminal sexual conduct under sections 609.342 to 609.3451;
- (9) solicitation of children to engage in sexual conduct under section 609.352;
- (10) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;
- (11) use of a minor in sexual performance under section 617.246; or
- (12) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(p) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (j), clause (1), who has:

- (1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;
- (2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;
- (3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (q) from the Department of Human Services.

(q) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (p), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(r) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

Sec. 25. Minnesota Statutes 2014, section 626.556, subdivision 3e, is amended to read:

**Subd. 3e. Agency responsible for assessing or investigating reports of sexual abuse.** The local welfare agency is the agency responsible for investigating allegations of sexual abuse if the alleged offender is the parent, guardian, sibling, or an individual functioning within the family unit as a person responsible for the child's care, or a person with a significant relationship to the child if that person resides in the child's household. Effective May 29, 2017, the local welfare agency is also responsible for investigating when a child is identified as a victim of sex trafficking.

Sec. 26. Minnesota Statutes 2014, section 626.558, subdivision 1, is amended to read:

**Subdivision 1. Establishment of team.** A county shall establish a multidisciplinary child protection team that may include, but not be limited to, the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, representatives of health and education, representatives of mental health or other appropriate human service or community-based agencies, and parent groups. As used in this section, a "community-based agency" may include, but is not limited to, schools, social service agencies, family service and mental health collaboratives, children's advocacy centers, early childhood and family education programs, Head Start, or other agencies serving children and families. A member of the team must be designated as the lead person of the team responsible for the planning process to develop standards for its activities with battered women's and domestic abuse programs and services.

Sec. 27. Minnesota Statutes 2014, section 626.558, subdivision 2, is amended to read:

**Subd. 2. Duties of team.** A multidisciplinary child protection team may provide public and professional education, develop resources for prevention, intervention, and treatment, and provide

case consultation to the local welfare agency or other interested community-based agencies. The community-based agencies may request case consultation from the multidisciplinary child protection team regarding a child or family for whom the community-based agency is providing services. As used in this section, "case consultation" means a case review process in which recommendations are made concerning services to be provided to the identified children and family. Case consultation may be performed by a committee or subcommittee of members representing human services, including mental health and chemical dependency; law enforcement, including probation and parole; the county attorney; a children's advocacy center; health care; education; community-based agencies and other necessary agencies; and persons directly involved in an individual case as designated by other members performing case consultation.

Sec. 28. Minnesota Statutes 2014, section 626.558, is amended by adding a subdivision to read:

Subd. 4. Children's advocacy center; definition. (a) For purposes of this section, "children's advocacy center" means an organization, using a multidisciplinary team approach, whose primary purpose is to provide children who have been the victims of abuse and their nonoffending family members with:

- (1) support and advocacy;
- (2) specialized medical evaluation;
- (3) trauma-focused mental health services; and
- (4) forensic interviews.

(b) Children's advocacy centers provide multidisciplinary case review and the tracking and monitoring of case progress.

Sec. 29. **DIRECTION TO COMMISSIONERS; INCOME AND ASSET EXCLUSION.**

(a) The commissioner of human services shall not count payments made to families by the income and child development in the first three years of life demonstration project as income or assets for purposes of determining or redetermining eligibility for child care assistance programs under Minnesota Statutes, chapter 119B; the Minnesota family investment program, work benefit program, or diversionary work program under Minnesota Statutes, chapter 256J, during the duration of the demonstration.

(b) The commissioner of human services shall not count payments made to families by the income and child development in the first three years of life demonstration project as income for purposes of determining or redetermining eligibility for medical assistance under Minnesota Statutes, chapter 256B, and MinnesotaCare under Minnesota Statutes, chapter 256L.

(c) For the purposes of this section, "income and child development in the first three years of life demonstration project" means a demonstration project funded by the United States Department of Health and Human Services National Institutes of Health to evaluate whether the unconditional cash payments have a causal effect on the cognitive, socioemotional, and brain development of infants and toddlers.

(d) This section shall only be implemented if Minnesota is chosen as a site for the child development in the first three years of life demonstration project, and expires January 1, 2022.

(e) The commissioner of human services shall provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over human services issues by January 1, 2023, informing the legislature on the progress and outcomes of the demonstration under this section.

**EFFECTIVE DATE.** Paragraph (b) is effective August 16, 2016, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

## ARTICLE 16

### CHEMICAL AND MENTAL HEALTH

Section 1. Minnesota Statutes 2015 Supplement, section 245.735, subdivision 3, is amended to read:

Subd. 3. **Reform projects Certified community behavioral health clinics.** (a) The commissioner shall establish standards for a state certification of clinics as process for certified community behavioral health clinics, in accordance (CCBHCs) to be eligible for the prospective payment system in paragraph (f). Entities that choose to be CCBHCs must:

(1) comply with the CCBHC criteria published on or before September 1, 2015, by the United States Department of Health and Human Services. Certification standards established by the commissioner shall require that:

(1) (2) employ or contract for clinic staff who have backgrounds in diverse disciplines, include including licensed mental health professionals, and staff who are culturally and linguistically trained to serve the needs of the clinic's patient population;

(2) (3) ensure that clinic services are available and accessible to patients of all ages and genders and that crisis management services are available 24 hours per day;

(3) (4) establish fees for clinic services are established for non-medical assistance patients using a sliding fee scale and that ensures that services to patients are not denied or limited due to a patient's inability to pay for services;

(4) clinics provide coordination of care across settings and providers to ensure seamless transitions for patients across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, community-based mental health providers, and other community services, supports, and providers including schools, child welfare agencies, juvenile and criminal justice agencies, Indian Health Services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics; (5) comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data;

(5) services provided by clinics include (6) provide crisis mental health services, withdrawal management services, emergency crisis intervention services, and stabilization services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; patient-centered treatment planning; outpatient mental health and substance use services; targeted

case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans; and

~~(6) clinics comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data.~~ (7) provide coordination of care across settings and providers to ensure seamless transitions for patients across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with:

(i) counties, health plans, pharmacists, pharmacies, rural health clinics, federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, or community-based mental health providers; and

(ii) other community services, supports, and providers, including schools, child welfare agencies, juvenile and criminal justice agencies, Indian health services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;

(8) be certified as mental health clinics under section 245.69, subdivision 2;

(9) be certified to provide integrated treatment for co-occurring mental illness and substance use disorders in adults or children under Minnesota Rules, chapter 9533, effective July 1, 2017;

(10) comply with standards relating to mental health services in Minnesota Rules, parts 9505.0370 to 9505.0372;

(11) be licensed to provide chemical dependency treatment under Minnesota Rules, parts 9530.6405 to 9530.6505;

(12) be certified to provide children's therapeutic services and supports under section 256B.0943;

(13) be certified to provide adult rehabilitative mental health services under section 256B.0623;

(14) be enrolled to provide mental health crisis response services under section 256B.0624;

(15) be enrolled to provide mental health targeted case management under section 256B.0625, subdivision 20;

(16) comply with standards relating to mental health case management in Minnesota Rules, parts 9520.0900 to 9520.0926; and

(17) provide services that comply with the evidence-based practices described in paragraph (e).

(b) If an entity is unable to provide one or more of the services listed in paragraph (a), clauses (6) to (17), the commissioner may certify the entity as a CCBHC, if the entity has a current contract with another entity that has the required authority to provide that service and that meets federal CCBHC criteria as a designated collaborating organization, or, to the extent allowed by the federal CCBHC criteria, the commissioner may approve a referral arrangement. The CCBHC must meet federal requirements regarding the type and scope of services to be provided directly by the CCBHC.

(c) Notwithstanding any other law that requires a county contract or other form of county approval for certain services listed in paragraph (a), clause (6), a clinic that otherwise meets CCBHC requirements may receive the prospective payment under paragraph (f) for those services without a county contract or county approval. There is no county share when medical assistance pays the CCBHC prospective payment. As part of the certification process in paragraph (a), the commissioner shall require a letter of support from the CCBHC's host county confirming that the CCBHC and the county or counties it serves have an ongoing relationship to facilitate access and continuity of care, especially for individuals who are uninsured or who may go on and off medical assistance.

(d) When the standards listed in paragraph (a) or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner shall consult with stakeholders, as described in subdivision 4, before granting variances under this provision.

(e) The commissioner shall issue a list of required evidence-based practices to be delivered by CCBHCs, and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. The commissioner shall take into consideration the adequacy of evidence to support the efficacy of the practice, the quality of workforce available, and the current availability of the practice in the state. At least 30 days before issuing the initial list and any revisions, the commissioner shall provide stakeholders with an opportunity to comment.

(f) The commissioner shall establish standards and methodologies for a prospective payment system for medical assistance payments for mental health services delivered by certified community behavioral health clinics, in accordance with guidance issued on or before September 1, 2015, by the Centers for Medicare and Medicaid Services. During the operation of the demonstration project, payments shall comply with federal requirements for a 90 percent enhanced federal medical assistance percentage. The commissioner may include quality bonus payment in the prospective payment system based on federal criteria and on a clinic's provision of the evidence-based practices in paragraph (e). The prospective payment system does not apply to MinnesotaCare. Implementation of the prospective payment system is effective July 1, 2017, or upon federal approval, whichever is later.

(g) The commissioner shall seek federal approval to continue federal financial participation in payment for CCBHC services after the federal demonstration period ends for clinics that were certified as CCBHCs during the demonstration period and that continue to meet the CCBHC certification standards in paragraph (a). Payment for CCBHC services shall cease effective July 1, 2019, if continued federal financial participation for the payment of CCBHC services cannot be obtained.

(h) The commissioner may certify at least one CCBHC located in an urban area and at least one CCBHC located in a rural area, as defined by federal criteria. To the extent allowed by federal law, the commissioner may limit the number of certified clinics so that the projected claims for certified clinics will not exceed the funds budgeted for this purpose. The commissioner shall give preference to clinics that:

(1) provide a comprehensive range of services and evidence-based practices for all age groups, with services being fully coordinated and integrated; and

(2) enhance the state's ability to meet the federal priorities to be selected as a CCBHC demonstration state.

(i) The commissioner shall recertify CCBHCs at least every three years. The commissioner shall establish a process for decertification and shall require corrective action, medical assistance repayment, or decertification of a CCBHC that no longer meets the requirements in this section or that fails to meet the standards provided by the commissioner in the application and certification process.

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

Sec. 2. Minnesota Statutes 2015 Supplement, section 245.735, subdivision 4, is amended to read:

Subd. 4. Public participation. In developing the projects and implementing CCBHCs under subdivision 3, the commissioner shall consult, collaborate, and partner with stakeholders, including but not limited to mental health providers, substance use disorder treatment providers, advocacy organizations, licensed mental health professionals, counties, tribes, hospitals, other health care providers, and Minnesota public health care program enrollees who receive mental health services and their families.

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

Sec. 3. Minnesota Statutes 2014, section 245.99, subdivision 2, is amended to read:

Subd. 2. Rental assistance. The program shall pay up to 90 days of housing assistance for persons with a serious and persistent mental illness who require inpatient or residential care for stabilization. The commissioner of human services may extend the length of assistance on a case-by-case basis.

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

Sec. 4. Minnesota Statutes 2014, section 254B.01, subdivision 4a, is amended to read:

Subd. 4a. Culturally specific program. (a) "Culturally specific program" means a substance use disorder treatment service program or subprogram that is recovery-focused and culturally specific when the program:

(1) improves service quality to and outcomes of a specific population by advancing health equity to help eliminate health disparities; and

(2) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to an individual within a specific population's values, beliefs and practices, health literacy, preferred language, and other communication needs.

(b) A tribally licensed substance use disorder program that is designated as serving a culturally specific population by the applicable tribal government is deemed to satisfy this subdivision.

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

Sec. 5. Minnesota Statutes 2014, section 254B.03, subdivision 4, is amended to read:

Subd. 4. **Division of costs.** (a) Except for services provided by a county under section 254B.09, subdivision 1, or services provided under section 256B.69 or ~~256D.03~~, subdivision 4, paragraph (b), the county shall, out of local money, pay the state for 22.95 percent of the cost of chemical dependency services, including those services provided to persons eligible for medical assistance under chapter 256B and general assistance medical care under chapter 256D. Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section.

(b) 22.95 percent of any state collections from private or third-party pay, less 15 percent for the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section.

(c) For fiscal year 2017 only, the 22.95 percentages under paragraphs (a) and (b) are equal to 20.2 percent.

Sec. 6. Minnesota Statutes 2014, section 254B.04, subdivision 2a, is amended to read:

Subd. 2a. **Eligibility for treatment in residential settings.** Notwithstanding provisions of Minnesota Rules, part 9530.6622, subparts 5 and 6, related to an assessor's discretion in making placements to residential treatment settings, a person eligible for services under this section must score at level 4 on assessment dimensions related to relapse, continued use, or recovery environment in order to be assigned to services with a room and board component reimbursed under this section. Whether a treatment facility has been designated an institution for mental diseases under United States Code, title 42, section 1396d, shall not be a factor in making placements.

Sec. 7. Minnesota Statutes 2015 Supplement, section 254B.05, subdivision 5, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for chemical dependency services and service enhancements funded under this chapter.

(b) Eligible chemical dependency treatment services include:

(1) outpatient treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480, or applicable tribal license;

(2) medication-assisted therapy services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6500, or applicable tribal license;

(3) medication-assisted therapy plus enhanced treatment services that meet the requirements of clause (2) and provide nine hours of clinical services each week;

(4) high, medium, and low intensity residential treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6505, or applicable tribal license which provide, respectively, 30, 15, and five hours of clinical services each week;

(5) hospital-based treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480, or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(6) adolescent treatment programs that are licensed as outpatient treatment programs according to Minnesota Rules, parts 9530.6405 to 9530.6485, or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license;

(7) high-intensity residential treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6505, or applicable tribal license, which provide 30 hours of clinical services each week provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(8) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and one of the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during the hours of treatment activity that:

(A) is licensed under chapter 245A as a child care center under Minnesota Rules, chapter 9503; or

(B) meets the licensure exclusion criteria of section 245A.03, subdivision 2, paragraph (a), clause (6), and meets the requirements under Minnesota Rules, part 9530.6490, subpart 4; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502;

(2) culturally specific programs as defined in section 254B.01, subdivision 4a, or programs or subprograms serving special populations, if the program or subprogram meets the following requirements in Minnesota Rules, part 9530.6605, subpart 13;:

(i) is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;

(ii) is governed with significant input from individuals of that specific background; and

(iii) employs individuals to provide individual or group therapy, at least 50 percent of whom are of that specific background, except when the common social background of the individuals served is a traumatic brain injury or cognitive disability and the program employs treatment staff who have the necessary professional training, as approved by the commissioner, to serve clients with the specific disabilities that the program is designed to serve;

(3) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; and

(4) programs that offer services to individuals with co-occurring mental health and chemical dependency problems if:

(i) the program meets the co-occurring requirements in Minnesota Rules, part 9530.6495;

(ii) 25 percent of the counseling staff are licensed mental health professionals, as defined in section 245.462, subdivision 18, clauses (1) to (6), or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and licensed mental health

professional, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;

(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;

(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;

(v) family education is offered that addresses mental health and substance abuse disorders and the interaction between the two; and

(vi) co-occurring counseling staff ~~will~~ shall receive eight hours of co-occurring disorder training annually.

(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the chemical dependency facility of the child care provider's current licensure to provide child care services. Programs that provide child care according to paragraph (c), clause (1), must be deemed in compliance with the licensing requirements in Minnesota Rules, part 9530.6490.

(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (4), items (i) to (iv).

(f) Subject to federal approval, chemical dependency services that are otherwise covered as direct face-to-face services may be provided via two-way interactive video. The use of two-way interactive video must be medically appropriate to the condition and needs of the person being served. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to direct face-to-face services. The interactive video equipment and connection must comply with Medicare standards in effect at the time the service is provided.

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

Sec. 8. Minnesota Statutes 2014, section 254B.06, subdivision 2, is amended to read:

Subd. 2. **Allocation of collections.** (a) The commissioner shall allocate all federal financial participation collections to a special revenue account. The commissioner shall allocate 77.05 percent of patient payments and third-party payments to the special revenue account and 22.95 percent to the county financially responsible for the patient.

(b) For fiscal year 2017 only, the commissioner's allocation to the special revenue account shall be increased from 77.05 percent to 79.8 percent and the county financial responsibility shall be reduced from 22.95 percent to 20.2 percent.

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

Sec. 9. Minnesota Statutes 2014, section 254B.06, is amended by adding a subdivision to read:

Subd. 4. **Reimbursement for institutions for mental diseases.** The commissioner shall not deny reimbursement to a program designated as an institution for mental diseases under United

States Code, title 42, section 1396d, due to a reduction in federal financial participation and the addition of new residential beds.

Sec. 10. **[254B.15] PILOT PROJECTS; TREATMENT FOR PREGNANT AND POSTPARTUM WOMEN WITH SUBSTANCE USE DISORDER.**

Subdivision 1. **Pilot projects established.** (a) Within the limits of federal funds available specifically for this purpose, the commissioner of human services shall establish pilot projects to provide substance use disorder treatment and services to pregnant and postpartum women with a primary diagnosis of substance use disorder, including opioid use disorder. Pilot projects funded under this section must:

(1) promote flexible uses of funds to provide treatment and services to pregnant and postpartum women with substance use disorders;

(2) fund family-based treatment and services for pregnant and postpartum women with substance use disorders;

(3) identify gaps in services along the continuum of care that are provided to pregnant and postpartum women with substance use disorders; and

(4) encourage new approaches to service delivery and service delivery models.

(b) A pilot project funded under this section must provide at least a portion of its treatment and services to women who receive services on an outpatient basis.

Subd. 2. **Federal funds.** The commissioner shall apply for any available grant funds from the federal Center for Substance Abuse Treatment for these pilot projects.

Sec. 11. Minnesota Statutes 2014, section 256B.0622, is amended by adding a subdivision to read:

Subd. 12. **Start-up grants.** The commissioner may, within available appropriations, disburse grant funding to counties, Indian tribes, or mental health service providers to establish additional assertive community treatment teams, intensive residential treatment services, or crisis residential services.

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

## ARTICLE 17

### DIRECT CARE AND TREATMENT

Section 1. Minnesota Statutes 2014, section 246.50, subdivision 7, is amended to read:

Subd. 7. **Client's county.** "Client's county" means the county of the client's legal settlement for poor relief purposes at the time of commitment or voluntary admission to a state facility, or if the client has no such legal settlement in this state, it means the county of commitment financial responsibility under chapter 256G, except that where a client with no such legal settlement residence in this state is committed while serving a sentence at a penal institution, it means the county from which the client was sentenced.

Sec. 2. Minnesota Statutes 2014, section 246.54, as amended by Laws 2015, chapter 71, article 4, section 2, is amended to read:

#### **246.54 LIABILITY OF COUNTY; REIMBURSEMENT.**

Subdivision 1. **County portion for cost of care Generally.** (a) Except for chemical dependency services provided under sections 254B.01 to 254B.09, the client's county shall pay to the state of Minnesota a portion of the cost of care provided in a regional treatment center or a state nursing facility to a client legally settled in that county. A county's payment shall be made from the county's own sources of revenue and payments shall equal a percentage of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at a regional treatment center or a state nursing facility according to the following schedule:

Subd. 1a. Anoka-Metro Regional Treatment Center. (a) A county's payment of the cost of care provided at Anoka-Metro Regional Treatment Center shall be according to the following schedule:

(1) zero percent for the first 30 days;

(2) 20 percent for days 31 and over if the stay is determined to be clinically appropriate for the client; and

(3) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged.

(b) If payments received by the state under sections 246.50 to 246.53 exceed 80 percent of the cost of care for days over 31 for clients who meet the criteria in paragraph (a), clause (2), the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

Subd. 1b. Community behavioral health hospitals. A county's payment of the cost of care provided at state-operated community-based behavioral health hospitals shall be according to the following schedule:

(1) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged; and

(2) the county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

Subd. 1c. State-operated forensic services. A county's payment of the cost of care provided at state-operated forensic services shall be according to the following schedule:

(1) Minnesota Security Hospital: ten percent for each day, or portion thereof, that the client spends in a Minnesota Security Hospital program. If payments received by the state under sections 246.50 to 246.53 for services provided at the Minnesota Security Hospital exceed 90 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or the client's relatives except as provided in section 246.53;

(2) forensic nursing home: ten percent for each day, or portion thereof, that the client spends in a forensic nursing home program. If payments received by the state under sections 246.50 to 246.53 for services provided at the forensic nursing home exceed 90 percent of the cost of care, the county

shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or the client's relatives except as provided in section 246.53;

(3) forensic transition services: 50 percent for each day, or portion thereof, that the client spends in the forensic transition services program. If payments received by the state under sections 246.50 to 246.53 for services provided in the forensic transition services exceed 50 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or the client's relatives except as provided in section 246.53; and

(4) residential competency restoration program:

(i) 20 percent for each day, or portion thereof, that the client spends in a residential competency restoration program while the client is in need of restoration services;

(ii) 50 percent for each day, or portion thereof, that the client spends in a residential competency restoration program once the examiner determines that the client no longer needs restoration services; and

(iii) 100 percent for each day, or portion thereof, once charges against a client have been resolved or dropped.

**Subd. 2. Exceptions.** (a) Subdivision 1 does not apply to services provided at the Minnesota Security Hospital. For services at the Minnesota Security Hospital, a county's payment shall be made from the county's own sources of revenue and payments. Excluding the state-operated forensic transition service, payments to the state from the county shall equal ten percent of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at the facility. For the state-operated forensic transition service, payments to the state from the county shall equal 50 percent of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends in the program. If payments received by the state under sections 246.50 to 246.53 for services provided at the Minnesota Security Hospital, excluding the state-operated forensic transition service, exceed 90 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. If payments received by the state under sections 246.50 to 246.53 for the state-operated forensic transition service exceed 50 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

(b) Regardless of the facility to which the client is committed, subdivision 1 does subdivisions 1, 1a, 1b, and 1c, do not apply to the following individuals:

(1) clients who are committed as sexual psychopathic personalities under section 253D.02, subdivision 15; and

(2) clients who are committed as sexually dangerous persons under section 253D.02, subdivision 16.

Sec. 3. Minnesota Statutes 2014, section 246B.01, subdivision 1b, is amended to read:

**Subd. 1b. Civilly committed sex offender's county.** "Civilly committed sex offender's county" means the county of the civilly committed sex offender's legal settlement for poor relief purposes

at the time of commitment. If the civilly committed sex offender has no legal settlement for poor relief in this state, it means the county of commitment financial responsibility under chapter 256G, except that when a civilly committed sex offender with no legal settlement for poor relief residence in this state is committed while serving a sentence at a penal institution, it means the county from which the civilly committed sex offender was sentenced.

Sec. 4. Minnesota Statutes 2014, section 246B.035, is amended to read:

**246B.035 ANNUAL PERFORMANCE REPORT REQUIRED.**

The executive director of the Minnesota sex offender program shall submit electronically a performance report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over funding for the program by January February 15 of each year beginning in 2010 2017. The report must include the following:

- (1) a description of the program, including the strategic mission, goals, objectives, and outcomes;
- (2) the programwide per diem reported in a standard calculated method as outlined in the program policies and procedures;
- (3) program annual statistics as outlined in the departmental policies and procedures; and
- (4) the sex offender program evaluation report required under section 246B.03. The executive director shall submit a printed copy upon request.

**Sec. 5. REPORT ON ANOKA-METRO REGIONAL TREATMENT CENTER (AMRTC), MINNESOTA SECURITY HOSPITAL (MSH), AND COMMUNITY BEHAVIORAL HEALTH HOSPITALS (CBHH).**

The commissioner of human services shall issue a public quarterly report to the chairs and ranking minority leaders of the senate and house of representatives committees having jurisdiction over health and human services issues on the AMRTC, MSH, and CBHH. The report shall contain information on the number of licensed beds, budgeted capacity, occupancy rate, number of Occupational Safety and Health Administration (OSHA) recordable injuries and the number of OSHA recordable injuries due to patient aggression or restraint, number of clinical positions budgeted, the percentage of those positions that are filled, the number of direct care positions budgeted, and the percentage of those positions that are filled.

**ARTICLE 18**  
**CONTINUING CARE**

Section 1. Minnesota Statutes 2014, section 144A.073, subdivision 13, is amended to read:

Subd. 13. **Moratorium exception funding.** In fiscal year 2013, the commissioner of health may approve moratorium exception projects under this section for which the full annualized state share of medical assistance costs does not exceed \$1,000,000 plus any carryover of previous appropriations for this purpose.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2012.

Sec. 2. Minnesota Statutes 2014, section 144A.073, subdivision 14, is amended to read:

Subd. 14. Moratorium exception funding. In fiscal year 2015, the commissioner of health may approve moratorium exception projects under this section for which the full annualized state share of medical assistance costs does not exceed \$1,000,000 plus any carryover of previous appropriations for this purpose.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.

Sec. 3. Minnesota Statutes 2014, section 144A.073, is amended by adding a subdivision to read:

Subd. 15. Moratorium exception funding. In fiscal year 2017, the commissioner may approve moratorium exception projects under this section for which the full annualized state share of medical assistance costs does not exceed \$1,000,000 plus any carryover of previous appropriations for this purpose.

Sec. 4. Minnesota Statutes 2014, section 144A.611, subdivision 1, is amended to read:

Subdivision 1. **Nursing homes and certified boarding care homes.** The actual costs of tuition and textbooks and reasonable expenses for the competency evaluation or the nursing assistant training program and competency evaluation approved under section 144A.61, which are paid to nursing assistants or adult training programs pursuant to subdivision subdivisions 2 and 4, are a reimbursable expense for nursing homes and certified boarding care homes under the provisions of chapter 256B and the rules promulgated thereunder section 256B.431, subdivision 36.

**EFFECTIVE DATE.** This section is effective for costs incurred on or after October 1, 2016.

Sec. 5. Minnesota Statutes 2014, section 144A.611, subdivision 2, is amended to read:

Subd. 2. Nursing assistants Reimbursement for training program and competency evaluation costs. A nursing assistant who has completed an approved competency evaluation or an approved training program and competency evaluation shall be reimbursed by the nursing home or certified boarding care home for actual costs of tuition and textbooks and reasonable expenses for the competency evaluation or the training program and competency evaluation 90 days after the date of employment, or upon completion of the approved training program, whichever is later.

**EFFECTIVE DATE.** This section is effective for costs incurred on or after October 1, 2016.

Sec. 6. Minnesota Statutes 2014, section 144A.611, is amended by adding a subdivision to read:

Subd. 4. Reimbursement for adult basic education components. (a) Nursing facilities and certified boarding care homes shall provide reimbursement for costs related to additional adult basic education components of an approved nursing assistant training program, to:

(1) an adult training program that provided an approved nursing assistant training program to an employee of the nursing facility or boarding care home; or

(2) a nursing assistant who is an employee of the nursing facility or boarding care home and completed an approved nursing assistant training program provided by an adult training program.

(b) For purposes of this subdivision, adult basic education components of a nursing assistant training program must include the following, if needed: training in mathematics, vocabulary, literacy skills, workplace skills, resume writing, and job interview skills. Reimbursement provided under this subdivision shall not exceed 30 percent of the cost of tuition, textbooks, and competency evaluation.

(c) An adult training program is prohibited from billing program students, nursing facilities, or certified boarding care homes for costs under this subdivision until the program student has been employed by the nursing facility as a certified nursing assistant for at least 90 days.

**EFFECTIVE DATE.** This section is effective for costs incurred on or after October 1, 2016.

Sec. 7. Minnesota Statutes 2014, section 245A.11, subdivision 2a, as amended by Laws 2016, chapter 163, article 3, section 5, if enacted, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

(i) individualized plan of care;

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

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

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

(4) the facility was licensed for adult foster care before March 1, 2011.

(g) The commissioner shall not issue a new adult foster care license under paragraph (f) after June 30, 2019 2017. The commissioner shall allow a facility with an adult foster care license issued under paragraph (f) before June 30, 2019 2017, to continue with a capacity of five adults if the license holder continues to comply with the requirements in paragraph (f).

Sec. 8. Minnesota Statutes 2015 Supplement, section 256B.431, subdivision 36, is amended to read:

**Subd. 36. Employee scholarship costs and training in English as a second language.** (a) For the period between July 1, 2001, and June 30, 2003, the commissioner shall provide to each nursing facility reimbursed under this section, section 256B.434, or any other section, a scholarship per diem of 25 cents to the total operating payment rate. For the 27-month period beginning October 1, 2015, through December 31, 2017, the commissioner shall allow a scholarship per diem of up to 25 cents for each nursing facility with no scholarship per diem that is requesting a scholarship per diem to be added to the external fixed payment rate to be used:

(1) for employee scholarships that satisfy the following requirements:

(i) scholarships are available to all employees who work an average of at least ten hours per week at the facility except the administrator, and to reimburse student loan expenses for newly hired and recently graduated registered nurses and licensed practical nurses, and training expenses for nursing assistants as defined specified in section 144A.611, subdivision subdivisions 2 and 4, who are newly hired and have graduated within the last 12 months; and

(ii) the course of study is expected to lead to career advancement with the facility or in long-term care, including medical care interpreter services and social work; and

(2) to provide job-related training in English as a second language.

(b) All facilities may annually request a rate adjustment under this subdivision by submitting information to the commissioner on a schedule and in a form supplied by the commissioner. The commissioner shall allow a scholarship payment rate equal to the reported and allowable costs divided by resident days.

(c) In calculating the per diem under paragraph (b), the commissioner shall allow costs related to tuition, direct educational expenses, and reasonable costs as defined by the commissioner for child care costs and transportation expenses related to direct educational expenses.

(d) The rate increase under this subdivision is an optional rate add-on that the facility must request from the commissioner in a manner prescribed by the commissioner. The rate increase must be used for scholarships as specified in this subdivision.

(e) For instances in which a rate adjustment will be 15 cents or greater, nursing facilities that close beds during a rate year may request to have their scholarship adjustment under paragraph (b) recalculated by the commissioner for the remainder of the rate year to reflect the reduction in resident days compared to the cost report year.

**EFFECTIVE DATE.** This section is effective for costs incurred on or after October 1, 2016.

Sec. 9. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall codify Laws 2015, chapter 71, article 7, section 55, as Minnesota Statutes, section 256B.0921.

(b) The revisor of statutes, in consultation with the Department of Human Services, shall change the cross-references in Minnesota Rules, chapters 2960, 9503, and 9525, resulting from the repealer adopted in rules found at 40 State Register 179. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

**EFFECTIVE DATE.** Paragraph (b) is effective the day following final enactment.

**ARTICLE 19**

**HEALTH CARE**

Section 1. Minnesota Statutes 2015 Supplement, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2007, the commissioner of management and budget shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in fiscal year 2016 shall not exceed \$48,000,000, the amount in fiscal year 2017 shall not exceed \$122,000,000, and the amount in any fiscal biennium thereafter shall not exceed \$96,000,000 \$244,000,000. The purpose of this transfer is to meet the rate increase required under Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6.

(b) For fiscal years 2006 to 2011, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

Sec. 2. Minnesota Statutes 2014, section 62V.05, is amended by adding a subdivision to read:

Subd. 12. Reports on interagency agreements and intra-agency transfers. The MNsure Board shall provide quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with a state department under section 15.01, state agency under section 15.012, or the Office of MN.IT Services, with a value of more than \$100,000, or related agreements with the same department or agency with a cumulative value of more than \$100,000; and

(2) transfers of appropriations of more than \$100,000 between accounts within or between agencies.

The report must include the statutory citation authorizing the agreement, transfer or dollar amount, purpose, and effective date of the agreement, the duration of the agreement, and a copy of the agreement.

Sec. 3. Minnesota Statutes 2014, section 256.01, is amended by adding a subdivision to read:

Subd. 41. Reports on interagency agreements and intra-agency transfers. The commissioner of human services shall provide quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with a state department under section 15.01, state agency under section 15.012, or the Office of MN.IT Services, with a value of more than \$100,000, or related agreements with the same department or agency with a cumulative value of more than \$100,000; and

(2) transfers of appropriations of more than \$100,000 between accounts within or between agencies.

The report must include the statutory citation authorizing the agreement, transfer or dollar amount, purpose, and effective date of the agreement, the duration of the agreement, and a copy of the agreement.

Sec. 4. Minnesota Statutes 2014, section 256B.059, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section and sections 256B.058 and 256B.0595, the terms defined in this subdivision have the meanings given them.

(b) "Community spouse" means the spouse of an institutionalized spouse.

(c) "Spousal share" means one-half of the total value of all assets, to the extent that either the institutionalized spouse or the community spouse had an ownership interest at the time of the first continuous period of institutionalization.

(d) "Assets otherwise available to the community spouse" means assets individually or jointly owned by the community spouse, other than assets excluded by subdivision 5, paragraph (c).

(e) (d) "Community spouse asset allowance" is the value of assets that can be transferred under subdivision 3.

(f) (e) "Institutionalized spouse" means a person who is:

(1) in a hospital, nursing facility, or intermediate care facility for persons with developmental disabilities, or receiving home and community-based services under section 256B.0915, and is expected to remain in the facility or institution or receive the home and community-based services for at least 30 consecutive days; and

(2) married to a person who is not in a hospital, nursing facility, or intermediate care facility for persons with developmental disabilities, and is not receiving home and community-based services under section 256B.0915, 256B.092, or 256B.49.

(g) (f) "For the sole benefit of" means no other individual or entity can benefit in any way from the assets or income at the time of a transfer or at any time in the future.

(h) (g) "Continuous period of institutionalization" means a 30-consecutive-day period of time in which a person is expected to stay in a medical or long-term care facility, or receive home and community-based services that would qualify for coverage under the elderly waiver (EW) or alternative care (AC) programs. For a stay in a facility, the 30-consecutive-day period begins on the date of entry into a medical or long-term care facility. For receipt of home and community-based services, the 30-consecutive-day period begins on the date that the following conditions are met:

(1) the person is receiving services that meet the nursing facility level of care determined by a long-term care consultation;

(2) the person has received the long-term care consultation within the past 60 days;

(3) the services are paid by the EW program under section 256B.0915 or the AC program under section 256B.0913 or would qualify for payment under the EW or AC programs if the person were otherwise eligible for either program, and but for the receipt of such services the person would have resided in a nursing facility; and

(4) the services are provided by a licensed provider qualified to provide home and community-based services.

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 5. Minnesota Statutes 2014, section 256B.059, subdivision 2, is amended to read:

**Subd. 2. Assessment of spousal share marital assets.** At the beginning of the first continuous period of institutionalization of a person beginning on or after October 1, 1989, at the request of either the institutionalized spouse or the community spouse, or Upon application for medical assistance benefits for an institutionalized spouse, the total value of assets in which either the institutionalized spouse or the community spouse had has an interest at the time of the first period of institutionalization of 30 days or more shall be assessed and documented and the spousal share shall be assessed and documented the community spouse asset allowance shall be calculated as required in subdivision 3.

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 6. Minnesota Statutes 2014, section 256B.059, subdivision 3, is amended to read:

**Subd. 3. Community spouse asset allowance.** An institutionalized spouse may transfer assets to the community spouse for the sole benefit of the community spouse. Except for increased amounts

allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is as follows the greater of:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse; and

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

(1) \$119,220 subject to an annual adjustment on January 1, 2017, and every January 1 thereafter, equal to the percentage increase in the Consumer Price Index for All Urban Consumers (all items; United States city average) between the two previous Septembers; or

(2) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. On January 1, 1994, and every January 1 thereafter, the limits in this subdivision shall be adjusted by the same percentage change in the Consumer Price Index for All Urban Consumers (all items; United States city average) between the two previous Septembers. These adjustments shall also be applied to the limits in subdivision 5.

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 7. Minnesota Statutes 2015 Supplement, section 256B.059, subdivision 5, is amended to read:

Subd. 5. **Asset availability.** (a) At the time of initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization on or after October 1, 1989 for an institutionalized spouse, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following amount for the community spouse: available to the community spouse under subdivision 3.

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse;

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

The value of assets transferred for the sole benefit of the community spouse under section 256B.0595, subdivision 4, in combination with other assets available to the community spouse under this section, cannot exceed the limit for the community spouse asset allowance determined under subdivision 3 or 4. Assets that exceed this allowance shall be considered available to the institutionalized spouse. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if:

(i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3;

(ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or

(iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being; or

(iv) the assets in excess of the amount under paragraph (a) are assets owned by the community spouse, and the denial of eligibility would cause an undue hardship to the family due to the loss of retirement funds for the community spouse or funds protected for the postsecondary education of a child under 25 years of age. For purposes of this clause, only retirement assets held by the community spouse in a tax-deferred retirement account, including a defined benefit plan, defined contribution plan, an employer-sponsored individual retirement arrangement, or individually purchased individual retirement arrangement are protected, and are only protected until the community spouse is eligible to withdraw retirement funds from any or all accounts without penalty. For purposes of this clause, only funds in a plan designated under section 529 of the Internal Revenue Code on behalf of a child of either or both spouses who is under 25 years of age are protected. There shall not be an assignment of spousal support to the commissioner or a cause of action against the individual's spouse under section 256B.14, subdivision 3, for the funds in the protected retirement and college savings accounts.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, and during the continuous period of institutionalization enrollment, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under the Supplemental Security Income program.

**EFFECTIVE DATE.** This section is effective June 1, 2016. The commissioner shall cease implementation of the amendment to paragraph (b), clause (iv), if the federal government denies the state plan amendment. The commissioner shall inform the revisor of statutes once federal approval is obtained or denied.

Sec. 8. Minnesota Statutes 2014, section 256B.059, is amended by adding a subdivision to read:

Subd. 6. **Temporary application.** (a) During the period in which rules against spousal impoverishment are temporarily applied according to section 2404 of the Patient Protection Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, this section applies to an institutionalized spouse:

(1) applying for home and community-based waivers under sections 256B.092, 256B.093, and 256B.49 on or after June 1, 2016;

(2) enrolled in home and community-based waivers under sections 256B.092, 256B.093, and 256B.49 before June 1, 2016; or

(3) applying for services under section 256B.85 upon the effective date of that section.

(b) During the applicable period of paragraph (a), the definition of "institutionalized spouse" in subdivision 1, paragraph (f), also includes an institutionalized spouse referenced in paragraph (a).

**EFFECTIVE DATE.** (a) Minnesota Statutes, section 256B.059, subdivision 6, paragraphs (a), clauses (1) and (3), and (b), are effective June 1, 2016. Minnesota Statutes, section 256B.059, subdivision 6, paragraph (a), clause (2), is effective March 1, 2017.

(b) Minnesota Statutes, section 256B.059, subdivision 6, paragraph (a), clauses (1) and (2), expire upon notification to the commissioner of human services that the Center for Medicare and Medicaid Services approved the continuation of the deeming rules in effect on May 31, 2016, for the treatment of the assets of a community spouse. The commissioner of human services shall notify the revisor of statutes when notice is received.

Sec. 9. Minnesota Statutes 2014, section 256B.06, subdivision 4, is amended to read:

**Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.**

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

**(1) admitted for lawful permanent residence according to United States Code, title 8;**

**(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;**

- (3) granted asylum according to United States Code, title 8, section 1158;
  - (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
  - (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
  - (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);
  - (7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;
  - (8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or
  - (9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.
- (c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.
- (d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:
- (1) refugees admitted to the United States according to United States Code, title 8, section 1157;
  - (2) persons granted asylum according to United States Code, title 8, section 1158;
  - (3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);
  - (4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or
  - (5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.
- Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.
- (e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (f) to (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

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

(h)(1) Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

(viii) rehabilitation services;

(ix) physical, occupational, or speech therapy;

(x) transportation services;

(xi) case management;

(xii) prosthetics, orthotics, durable medical equipment, or medical supplies;

(xiii) dental services;

(xiv) hospice care;

(xv) audiology services and hearing aids;

(xvi) podiatry services;

(xvii) chiropractic services;

- (xviii) immunizations;
- (xix) vision services and eyeglasses;
- (xx) waiver services;
- (xxi) individualized education programs; or
- (xxii) chemical dependency treatment.

(i) Pregnant noncitizens who are ineligible for federally funded medical assistance because of immigration status, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance. The nonprofit center referenced under this paragraph may establish itself as a provider of mental health targeted case management services through a county contract under section 256.0112, subdivision 6. If the nonprofit center is unable to secure a contract with a lead county in its service area, then, notwithstanding the requirements of section 256B.0625, subdivision 20, the commissioner may negotiate a contract with the nonprofit center for provision of mental health targeted case management services. When serving clients who are not the financial responsibility of their contracted lead county, the nonprofit center must gain the concurrence of the county of financial responsibility prior to providing mental health targeted case management services for those clients.

(k) Notwithstanding paragraph (h), clause (2), the following services are covered as emergency medical conditions under paragraph (f) except where coverage is prohibited under federal law for services under clauses (1) and (2):

- (1) dialysis services provided in a hospital or freestanding dialysis facility; and
- (2) surgery and the administration of chemotherapy, radiation, and related services necessary to treat cancer if the recipient has a cancer diagnosis that is not in remission and requires surgery, chemotherapy, or radiation treatment; and
- (3) kidney transplant if the person has been diagnosed with end stage renal disease, is currently receiving dialysis services, and is a potential candidate for a kidney transplant.

(l) Effective July 1, 2013, recipients of emergency medical assistance under this subdivision are eligible for coverage of the elderly waiver services provided under section 256B.0915, and coverage of rehabilitative services provided in a nursing facility. The age limit for elderly waiver services does not apply. In order to qualify for coverage, a recipient of emergency medical assistance is subject to the assessment and reassessment requirements of section 256B.0911. Initial and continued enrollment under this paragraph is subject to the limits of available funding.

Sec. 10. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 17a, is amended to read:

Subd. 17a. **Payment for ambulance services.** (a) Medical assistance covers ambulance services. Providers shall bill ambulance services according to Medicare criteria. Nonemergency ambulance services shall not be paid as emergencies. Effective for services rendered on or after July 1, 2001, medical assistance payments for ambulance services shall be paid at the Medicare reimbursement rate or at the medical assistance payment rate in effect on July 1, 2000, whichever is greater.

(b) Effective for services provided on or after July 1, 2016, medical assistance payment rates for ambulance services identified in this paragraph are increased by five percent. Capitation payments made to managed care plans and county-based purchasing plans for ambulance services provided on or after January 1, 2017, shall be increased to reflect this rate increase. The increased rate described in this paragraph applies to ambulance service providers whose base of operations as defined in section 144E.10 is located:

(1) outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, St. Cloud, and Rochester; or

(2) within a municipality with a population of less than 1,000.

Sec. 11. Minnesota Statutes 2014, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. **Other clinic services.** (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, and public health clinic services. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), a federally qualified health center or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the Department of Health according to section 62Q.19, subdivision 7. For those federally qualified health centers and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For federally qualified health centers and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments

for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not federally qualified health centers or rural health clinics.

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring a federally qualified health center or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

(f) Effective January 1, 2001, each federally qualified health center and rural health clinic may elect to be paid either under the prospective payment system established in United States Code, title 42, section 1396a(aa), or under an alternative payment methodology consistent with the requirements of United States Code, title 42, section 1396a(aa), and approved by the Centers for Medicare and Medicaid Services. The alternative payment methodology shall be 100 percent of cost as determined according to Medicare cost principles.

(g) For purposes of this section, "nonprofit community clinic" is a clinic that:

(1) has nonprofit status as specified in chapter 317A;

(2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);

(3) is established to provide health services to low-income population groups, uninsured, high-risk and special needs populations, underserved and other special needs populations;

(4) employs professional staff at least one-half of which are familiar with the cultural background of their clients;

(5) charges for services on a sliding fee scale designed to provide assistance to low-income clients based on current poverty income guidelines and family size; and

(6) does not restrict access or services because of a client's financial limitations or public assistance status and provides no-cost care as needed.

(h) Effective for services provided on or after January 1, 2015, all claims for payment of clinic services provided by federally qualified health centers and rural health clinics shall be paid by the commissioner. The commissioner shall determine the most feasible method for paying claims from the following options:

(1) federally qualified health centers and rural health clinics submit claims directly to the commissioner for payment, and the commissioner provides claims information for recipients enrolled in a managed care or county-based purchasing plan to the plan, on a regular basis; or

(2) federally qualified health centers and rural health clinics submit claims for recipients enrolled in a managed care or county-based purchasing plan to the plan, and those claims are submitted by the plan to the commissioner for payment to the clinic.

(i) For clinic services provided prior to January 1, 2015, the commissioner shall calculate and pay monthly the proposed managed care supplemental payments to clinics, and clinics shall conduct a timely review of the payment calculation data in order to finalize all supplemental payments in accordance with federal law. Any issues arising from a clinic's review must be reported to the

commissioner by January 1, 2017. Upon final agreement between the commissioner and a clinic on issues identified under this subdivision, and in accordance with United States Code, title 42, section 1396a(bb), no supplemental payments for managed care plan or county-based purchasing plan claims for services provided prior to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are unable to resolve issues under this subdivision, the parties shall submit the dispute to the arbitration process under section 14.57.

(j) The commissioner shall seek a federal waiver, authorized under section 1115 of the Social Security Act, to obtain federal financial participation at the 100 percent federal matching percentage available to facilities of the Indian Health Service or tribal organization in accordance with section 1905(b) of the Social Security Act for expenditures made to organizations dually certified under Title V of the Indian Health Care Improvement Act, Public Law 94-437, and as a federally qualified health center under paragraph (a) that provides services to American Indian and Alaskan Native individuals eligible for services under this subdivision.

Sec. 12. Minnesota Statutes 2014, section 256B.0625, subdivision 34, is amended to read:

Subd. 34. **Indian health services facilities.** (a) Medical assistance payments and MinnesotaCare payments to facilities of the Indian health service and facilities operated by a tribe or tribal organization under funding authorized by United States Code, title 25, sections 450f to 450n, or title III of the Indian Self-Determination and Education Assistance Act, Public Law 93-638, for enrollees who are eligible for federal financial participation, shall be at the option of the facility in accordance with the rate published by the United States Assistant Secretary for Health under the authority of United States Code, title 42, sections 248(a) and 249(b). General assistance medical care payments to facilities of the Indian health services and facilities operated by a tribe or tribal organization for the provision of outpatient medical care services billed after June 30, 1990, must be in accordance with the general assistance medical care rates paid for the same services when provided in a facility other than a facility of the Indian health service or a facility operated by a tribe or tribal organization. MinnesotaCare payments for enrollees who are not eligible for federal financial participation at facilities of the Indian health service and facilities operated by a tribe or tribal organization for the provision of outpatient medical services must be in accordance with the medical assistance rates paid for the same services when provided in a facility other than a facility of the Indian health service or a facility operated by a tribe or tribal organization.

(b) Effective upon federal approval, the medical assistance payments to a dually certified facility as defined in subdivision 30, paragraph (j), shall be the encounter rate described in paragraph (a) or a rate that is substantially equivalent for services provided to American Indians and Alaskan Native populations. The rate established under this paragraph for dually certified facilities shall not apply to MinnesotaCare payments.

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

Subd. 60a. **Community emergency medical technician services.** (a) Medical assistance covers services provided by a community emergency medical technician (CEMT) who is certified under section 144E.275, subdivision 7, when the services are provided in accordance with this subdivision.

(b) A CEMT may provide a posthospital discharge visit when ordered by a treating physician. The posthospital discharge visit includes:

(1) verbal or visual reminders of discharge orders;

(2) recording and reporting of vital signs to the patient's primary care provider;

(3) medication access confirmation;

(4) food access confirmation; and

(5) identification of home hazards.

(c) An individual who has repeat ambulance calls due to falls, has been discharged from a nursing home, or has been identified by the individual's primary care provider as at risk for nursing home placement, may receive a safety evaluation visit from a CEMT when ordered by a primary care provider in accordance with the individual's care plan. A safety evaluation visit includes:

(1) medication access confirmation;

(2) food access confirmation; and

(3) identification of home hazards.

(d) A CEMT shall be paid at \$9.75 per 15-minute increment. A safety evaluation visit may not be billed for the same day as a posthospital discharge visit for the same individual.

**EFFECTIVE DATE.** This section is effective January 1, 2017, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2014, section 256B.15, subdivision 1, is amended to read:

Subdivision 1. **Policy and applicability.** (a) It is the policy of this state that individuals or couples, either or both of whom participate in the medical assistance program, use their own assets to pay their share of the total cost of their care during or after their enrollment in the program according to applicable federal law and the laws of this state. The following provisions apply:

(1) subdivisions 1c to 1k shall not apply to claims arising under this section which are presented under section 525.313;

(2) the provisions of subdivisions 1c to 1k expanding the interests included in an estate for purposes of recovery under this section give effect to the provisions of United States Code, title 42, section 1396p, governing recoveries, but do not give rise to any express or implied liens in favor of any other parties not named in these provisions;

(3) the continuation of a recipient's life estate or joint tenancy interest in real property after the recipient's death for the purpose of recovering medical assistance under this section modifies common law principles holding that these interests terminate on the death of the holder;

(4) all laws, rules, and regulations governing or involved with a recovery of medical assistance shall be liberally construed to accomplish their intended purposes;

(5) a deceased recipient's life estate and joint tenancy interests continued under this section shall be owned by the remainderpersons or surviving joint tenants as their interests may appear on the date of the recipient's death. They shall not be merged into the remainder interest or the interests of the surviving joint tenants by reason of ownership. They shall be subject to the provisions of this section. Any conveyance, transfer, sale, assignment, or encumbrance by a remainderperson, a surviving joint tenant, or their heirs, successors, and assigns shall be deemed to include all of their

interest in the deceased recipient's life estate or joint tenancy interest continued under this section; and

(6) the provisions of subdivisions 1c to 1k continuing a recipient's joint tenancy interests in real property after the recipient's death do not apply to a homestead owned of record, on the date the recipient dies, by the recipient and the recipient's spouse as joint tenants with a right of survivorship. Homestead means the real property occupied by the surviving joint tenant spouse as their sole residence on the date the recipient dies and classified and taxed to the recipient and surviving joint tenant spouse as homestead property for property tax purposes in the calendar year in which the recipient dies. For purposes of this exemption, real property the recipient and their surviving joint tenant spouse purchase solely with the proceeds from the sale of their prior homestead, own of record as joint tenants, and qualify as homestead property under section 273.124 in the calendar year in which the recipient dies and prior to the recipient's death shall be deemed to be real property classified and taxed to the recipient and their surviving joint tenant spouse as homestead property in the calendar year in which the recipient dies. The surviving spouse, or any person with personal knowledge of the facts, may provide an affidavit describing the homestead property affected by this clause and stating facts showing compliance with this clause. The affidavit shall be *prima facie* evidence of the facts it states.

(b) For purposes of this section, "medical assistance" includes the medical assistance program under this chapter and the general assistance medical care program under chapter 256D and alternative care for nonmedical assistance recipients under section 256B.0913.

(c) For purposes of this section, beginning January 1, 2010, "medical assistance" does not include Medicare cost-sharing benefits in accordance with United States Code, title 42, section 1396p.

(d) All provisions in this subdivision, and subdivisions 1d, 1f, 1g, 1h, 1i, and 1j, related to the continuation of a recipient's life estate or joint tenancy interests in real property after the recipient's death for the purpose of recovering medical assistance, are effective only for life estates and joint tenancy interests established on or after August 1, 2003. For purposes of this paragraph, medical assistance does not include alternative care.

Sec. 15. Minnesota Statutes 2014, section 256B.15, subdivision 1a, is amended to read:

**Subd. 1a. Estates subject to claims.** (a) If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple, either or both of whom received medical assistance, or as otherwise provided for in this section, the total amount paid for medical assistance rendered as limited under subdivision 2 for the person and spouse shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate or to issue a decree of descent according to sections 525.31 to 525.313.

(b) For the purposes of this section, the person's estate must consist of:

(1) the person's probate estate;

(2) all of the person's interests or proceeds of those interests in real property the person owned as a life tenant or as a joint tenant with a right of survivorship at the time of the person's death;

(3) all of the person's interests or proceeds of those interests in securities the person owned in beneficiary form as provided under sections 524.6-301 to 524.6-311 at the time of the person's

death, to the extent the interests or proceeds of those interests become part of the probate estate under section 524.6-307;

(4) all of the person's interests in joint accounts, multiple-party accounts, and pay-on-death accounts, brokerage accounts, investment accounts, or the proceeds of those accounts, as provided under sections 524.6-201 to 524.6-214 at the time of the person's death to the extent the interests become part of the probate estate under section 524.6-207; and

(5) assets conveyed to a survivor, heir, or assign of the person through survivorship, living trust, or other arrangements.

(c) For the purpose of this section and recovery in a surviving spouse's estate for medical assistance paid for a predeceased spouse, the estate must consist of all of the legal title and interests the deceased individual's predeceased spouse had in jointly owned or marital property at the time of the spouse's death, as defined in subdivision 2b, and the proceeds of those interests, that passed to the deceased individual or another individual, a survivor, an heir, or an assign of the predeceased spouse through a joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement. A deceased recipient who, at death, owned the property jointly with the surviving spouse shall have an interest in the entire property.

(d) For the purpose of recovery in a single person's estate or the estate of a survivor of a married couple, "other arrangement" includes any other means by which title to all or any part of the jointly owned or marital property or interest passed from the predeceased spouse to another including, but not limited to, transfers between spouses which are permitted, prohibited, or penalized for purposes of medical assistance.

(e) A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:

(1) the person was over 55 years of age, and received services under this chapter prior to January 1, 2014;

(2) the person resided in a medical institution for six months or longer, received services under this chapter, and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for persons with developmental disabilities, nursing facility, or inpatient hospital; or

(3) the person received general assistance medical care services under chapter 256D-; or

(4) the person was 55 years of age or older and received medical assistance services on or after January 1, 2014, that consisted of nursing facility services, home and community-based services, or related hospital and prescription drug benefits.

(f) The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Notwithstanding any law or rule to the contrary, a state or county agency with a claim under this section must be a creditor under section 524.6-307. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Notice of the claim shall be given to all heirs and devisees of the

decedent, and to other persons with an ownership interest in the real property owned by the decedent at the time of the decedent's death, whose identity can be ascertained with reasonable diligence. The notice must include procedures and instructions for making an application for a hardship waiver under subdivision 5; time frames for submitting an application and determination; and information regarding appeal rights and procedures. Counties are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort. Counties are entitled to ten percent of the collections for alternative care directly attributable to county effort.

**EFFECTIVE DATE.** This section is effective upon federal approval and applies retroactively to services rendered on or after January 1, 2014, and to claims not paid prior to July 1, 2016. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2014, section 256B.15, subdivision 2, is amended to read:

Subd. 2. **Limitations on claims.** (a) For services rendered prior to January 1, 2014, the claim shall include only the total amount of medical assistance rendered after age 55 or during a period of institutionalization described in subdivision 1a, paragraph (e), and the total amount of general assistance medical care rendered, and shall not include interest.

(b) For services rendered on or after January 1, 2014, the claim shall include only:

(1) the amount of medical assistance rendered to recipients 55 years of age or older and that consisted of nursing facility services, home and community-based services, and related hospital and prescription drug services; and

(2) the total amount of medical assistance rendered during a period of institutionalization described in subdivision 1a, paragraph (e), clause (2).

The claim shall not include interest. For the purposes of this section, "home and community-based services" has the same meaning it has when used in United States Code, title 42, section 1396p(b)(1)(B)(i), and includes the alternative care program under section 256B.0913.

(c) Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, shall be payable from the full value of all of the predeceased spouse's assets and interests which are part of the surviving spouse's estate under subdivisions 1a and 2b. Recovery of medical assistance expenses in the nonrecipient surviving spouse's estate is limited to the value of the assets of the estate that were marital property or jointly owned property at any time during the marriage. The claim is not payable from the value of assets or proceeds of assets in the estate attributable to a predeceased spouse whom the individual married after the death of the predeceased recipient spouse for whom the claim is filed or from assets and the proceeds of assets in the estate which the nonrecipient decedent spouse acquired with assets which were not marital property or jointly owned property after the death of the predeceased recipient spouse. Claims for alternative care shall be net of all premiums paid under section 256B.0913, subdivision 12, on or after July 1, 2003, and shall be limited to services provided on or after July 1, 2003. Claims against marital property shall be limited to claims against recipients who died on or after July 1, 2009.

**EFFECTIVE DATE.** This section is effective upon federal approval and applies retroactively to services rendered on or after January 1, 2014, and to claims not paid prior to July 1, 2016.

The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 17. Minnesota Statutes 2015 Supplement, section 256B.76, subdivision 2, is amended to read:

Subd. 2. **Dental reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) Beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent of median 1997 charges.

(c) Effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999.

(d) Effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999 charges.

(e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000, for managed care.

(f) Effective for dental services rendered on or after October 1, 2010, by a state-operated dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare principles of reimbursement. This payment shall be effective for services rendered on or after January 1, 2011, to recipients enrolled in managed care plans or county-based purchasing plans.

(g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in paragraph (f), including state and federal shares, are less than \$1,850,000 per fiscal year, a supplemental state payment equal to the difference between the total payments in paragraph (f) and \$1,850,000 shall be paid from the general fund to state-operated services for the operation of the dental clinics.

(h) If the cost-based payment system for state-operated dental clinics described in paragraph (f) does not receive federal approval, then state-operated dental clinics shall be designated as critical access dental providers under subdivision 4, paragraph (b), and shall receive the critical access dental reimbursement rate as described under subdivision 4, paragraph (a).

(i) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for dental services shall be reduced by three percent. This reduction does not apply to state-operated dental clinics in paragraph (f).

(j) Effective for services rendered on or after January 1, 2014, payment rates for dental services shall be increased by five percent from the rates in effect on December 31, 2013. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2014, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment increase described in this paragraph.

(k) Effective for services rendered on or after July 1, 2015, through December 31, 2016, the commissioner shall increase payment rates for services furnished by dental providers located outside of the seven-county metropolitan area by the maximum percentage possible above the rates in effect on June 30, 2015, while remaining within the limits of funding appropriated for this purpose. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2016, through December 31, 2016, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph. The commissioner shall require managed care and county-based purchasing plans to pass on the full amount of the increase, in the form of higher payment rates to dental providers located outside of the seven-county metropolitan area.

(l) Effective for services provided on or after January 1, 2017, the commissioner shall increase payment rates by 9.65 percent for dental services provided outside of the seven-county metropolitan area. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, or Indian health services. Effective January 1, 2017, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph.

Sec. 18. Minnesota Statutes 2015 Supplement, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** (a) Effective for dental services rendered on or after January 1, 2002, The commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2007 2016, the commissioner shall increase reimbursement by 35 37.5 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider, except as specified under paragraph (b). The commissioner shall pay the managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) For dental services rendered on or after July 1, 2016, by a dental clinic or dental group that meets the critical access dental provider designation under paragraph (d), clause (4), and is owned and operated by a health maintenance organization licensed under chapter 62D, the commissioner shall increase reimbursement by 35 percent above the reimbursement rate that would otherwise be paid to the critical access provider.

(c) Critical access dental payments made under paragraph (a) or (b) for dental services provided by a critical access dental provider to an enrollee of a managed care plan or county-based purchasing plan must not reflect any capitated payments or cost-based payments from the managed care plan or county-based purchasing plan. The managed care plan or county-based purchasing plan must base the additional critical access dental payment on the amount that would have been paid for that service had the dental provider been paid according to the managed care plan or county-based purchasing plan's fee schedule that applies to dental providers that are not paid under a capitated payment or cost-based payment.

(d) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) nonprofit community clinics that:

- (i) have nonprofit status in accordance with chapter 317A;
  - (ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);
  - (iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;
  - (iv) have professional staff familiar with the cultural background of the clinic's patients;
  - (v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;
  - (vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and
  - (vii) have free care available as needed;
- (2) federally qualified health centers, rural health clinics, and public health clinics;
- (3) ~~city or county hospital-based dental clinics owned and operated hospital-based dental clinics by a city, county, or former state hospital as defined in section 62Q.19, subdivision 1, paragraph (a), clause (4);~~
- (4) a dental clinic or dental group owned and operated by a nonprofit corporation in accordance with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance or MinnesotaCare;
- (5) a dental clinic owned and operated by the University of Minnesota or the Minnesota State Colleges and Universities system; and
- (6) private practicing dentists if:
- (i) the dentist's office is located within a ~~health professional shortage area as defined under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E,~~
  - (ii) ~~more the seven-county metropolitan area and more~~ than 50 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare; and or
  - (iii) ~~the level of service provided by the dentist is critical to maintaining adequate levels of patient access within the service area in which the dentist operates.~~
- (ii) ~~the dentist's office is located outside the seven-county metropolitan area and more than 25 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare.~~

Sec. 19. Minnesota Statutes 2015 Supplement, section 256B.766, is amended to read:

**256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

- (a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational

therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for outpatient hospital facility fees shall be reduced by five percent from the rates in effect on August 31, 2011.

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services, eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, and anesthesia services shall be reduced by three percent from the rates in effect on August 31, 2011.

(e) Effective for services provided on or after September 1, 2014, payments for ambulatory surgery centers facility fees, hospice services, renal dialysis services, laboratory services, public health nursing services, eyeglasses not subject to a volume purchase contract, and hearing aids not subject to a volume purchase contract shall be increased by three percent and payments for outpatient hospital facility fees shall be increased by three percent. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(f) Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three percent from the rates as determined under paragraph paragraphs (i) and (j).

(g) Effective for services provided on or after July 1, 2015, payments for outpatient hospital facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, and laboratory services to a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

(i) Effective for services provided on or after July 1, 2015, the medical assistance payment rate for durable medical equipment, prosthetics, orthotics, or supplies shall be restored to the January 1, 2008, medical assistance fee schedule, updated to include subsequent rate increases in the Medicare and medical assistance fee schedules, and including following categories of durable

medical equipment shall be individually priced items for the following categories: enteral nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment repair and service. This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, and items provided to dually eligible recipients when Medicare is the primary payer for the item. The commissioner shall not apply any medical assistance rate reductions to durable medical equipment as a result of Medicare competitive bidding.

(j) Effective for services provided on or after July 1, 2015, medical assistance payment rates for durable medical equipment, prosthetics, orthotics, or supplies shall be increased as follows:

(1) payment rates for durable medical equipment, prosthetics, orthotics, or supplies that were subject to the Medicare competitive bid that took effect in January of 2009 shall be increased by 9.5 percent; and

(2) payment rates for durable medical equipment, prosthetics, orthotics, or supplies on the medical assistance fee schedule, whether or not subject to the Medicare competitive bid that took effect in January of 2009, shall be increased by 2.94 percent, with this increase being applied after calculation of any increased payment rate under clause (1).

This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, items provided to dually eligible recipients when Medicare is the primary payer for the item, and individually priced items identified in paragraph (i). Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect the rate increases in this paragraph.

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

Sec. 20. Minnesota Statutes 2014, section 256L.01, subdivision 1a, is amended to read:

Subd. 1a. **Child.** "Child" means an individual under 21 years of age, including the unborn child of a pregnant woman, an emancipated minor, and an emancipated minor's spouse.

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

Sec. 21. Minnesota Statutes 2015 Supplement, section 256L.01, subdivision 5, is amended to read:

Subd. 5. **Income.** "Income" has the meaning given for modified adjusted gross income, as defined in Code of Federal Regulations, title 26, section 1.36B-1, and means a household's projected annual income for the applicable tax year current income, or if income fluctuates month to month, the income for the 12-month eligibility period.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 22. Minnesota Statutes 2014, section 256L.04, subdivision 1a, is amended to read:

Subd. 1a. **Social Security number required.** (a) Individuals and families applying for MinnesotaCare coverage must provide a Social Security number if required by Code of Federal Regulations, title 45, section 155.310(a)(3).

(b) The commissioner shall not deny eligibility to an otherwise eligible applicant who has applied for a Social Security number and is awaiting issuance of that Social Security number.

(c) Newborns enrolled under section 256L.05, subdivision 3, are exempt from the requirements of this subdivision.

(d) Individuals who refuse to provide a Social Security number because of well-established religious objections are exempt from the requirements of this subdivision. The term "well-established religious objections" has the meaning given in Code of Federal Regulations, title 42, section 435.910.

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

Sec. 23. Minnesota Statutes 2014, section 256L.04, subdivision 2, is amended to read:

Subd. 2. **Third-party liability, paternity, and other medical support.** (a) To be eligible for MinnesotaCare, individuals and families ~~must~~ may cooperate with the state agency to identify potentially liable third-party payers and assist the state in obtaining third-party payments. "Cooperation" includes, but is not limited to, complying with the notice requirements in section 256B.056, subdivision 9, identifying any third party who may be liable for care and services provided under MinnesotaCare to the enrollee, providing relevant information to assist the state in pursuing a potentially liable third party, and completing forms necessary to recover third-party payments.

(b) A parent, guardian, relative caretaker, or child enrolled in the MinnesotaCare program must cooperate with the Department of Human Services and the local agency in establishing the paternity of an enrolled child and in obtaining medical care support and payments for the child and any other person for whom the person can legally assign rights, in accordance with applicable laws and rules governing the medical assistance program. A child shall not be ineligible for or disenrolled from the MinnesotaCare program solely because the child's parent, relative caretaker, or guardian fails to cooperate in establishing paternity or obtaining medical support.

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

Sec. 24. Minnesota Statutes 2015 Supplement, section 256L.04, subdivision 7b, is amended to read:

Subd. 7b. **Annual income limits adjustment.** The commissioner shall adjust the income limits under this section annually ~~on January each July 1 as provided described in Code of Federal Regulations, title 26, section 1.36B-1(h) section 256B.056, subdivision 1c.~~

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 25. Minnesota Statutes 2015 Supplement, section 256L.05, subdivision 3a, is amended to read:

Subd. 3a. **Redetermination of eligibility.** (a) An enrollee's eligibility must be redetermined on an annual basis, in accordance with Code of Federal Regulations, title 42, section 435.916(a). The period of eligibility is the entire calendar year following the year in which eligibility is redetermined. Beginning in calendar year 2015, eligibility redeterminations shall occur during the open enrollment period for qualified health plans as specified in Code of Federal Regulations, title 45, section 155.410. The 12-month eligibility period begins the month of application. Beginning

July 1, 2017, the commissioner shall adjust the eligibility period for enrollees to implement renewals throughout the year according to guidance from the Centers for Medicare and Medicaid Services.

(b) Each new period of eligibility must take into account any changes in circumstances that impact eligibility and premium amount. Coverage begins as provided in section 256L.06.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 26. Minnesota Statutes 2015 Supplement, section 256L.06, subdivision 3, is amended to read:

Subd. 3. **Commissioner's duties and payment.** (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month following the month for which the premium was due. Persons disenrolled for nonpayment may not reenroll prior to the first day of the month following the payment of an amount equal to two months' premiums.

(e) The commissioner shall forgive the past-due premium for persons disenrolled under paragraph (d) prior to issuing a premium invoice for the fourth month following disenrollment.

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

Sec. 27. Minnesota Statutes 2014, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 1, and individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that sends advance notice according to Code of Federal Regulations, title 42, section 431.211, that indicates the income of a family or individual exceeds program income limits.

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

Sec. 28. Minnesota Statutes 2014, section 256L.11, subdivision 7, is amended to read:

**Subd. 7. Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after January 1, 2007, through August 31, 2011 July 1, 2016, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, subdivision 4, by 50 percent above the payment rate that would otherwise be paid to the provider. Effective for dental services provided on or after September 1, 2011, the commissioner shall increase the payment rate by 30 32.5 percent above the payment rate that would otherwise be paid to the provider, except for a dental clinic or dental group described in section 256B.76, subdivision 4, paragraph (b), in which the commissioner shall increase the payment rate by 30 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall pay the prepaid health plans under contract with the commissioner amounts sufficient to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, subdivision 4.

Sec. 29. Minnesota Statutes 2015 Supplement, section 256L.15, subdivision 1, is amended to read:

**Subdivision 1. Premium determination for MinnesotaCare.** (a) Families with children and individuals shall pay a premium determined according to subdivision 2.

(b) Members of the military and their families who meet the eligibility criteria for MinnesotaCare upon eligibility approval made within 24 months following the end of the member's tour of active duty shall have their premiums paid by the commissioner. The effective date of coverage for an individual or family who meets the criteria of this paragraph shall be the first day of the month following the month in which eligibility is approved. This exemption applies for 12 months.

(c) Beginning July 1, 2009, American Indians enrolled in MinnesotaCare and their families shall have their premiums waived by the commissioner in accordance with section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. An individual must document indicate status as an American Indian, as defined under Code of Federal Regulations, title 42, section 447.50, to qualify for the waiver of premiums. The commissioner shall accept attestation of an individual's status as an American Indian as verification until the United States Department of Health and Human Services approves an electronic data source for this purpose.

(d) For premiums effective August 1, 2015, and after, the commissioner, after consulting with the chairs and ranking minority members of the legislative committees with jurisdiction over human services, shall increase premiums under subdivision 2 for recipients based on June 2015 program enrollment. Premium increases shall be sufficient to increase projected revenue to the fund described in section 16A.724 by at least \$27,800,000 for the biennium ending June 30, 2017. The commissioner shall publish the revised premium scale on the Department of Human Services Web site and in the State Register no later than June 15, 2015. The revised premium scale applies to all premiums on or after August 1, 2015, in place of the scale under subdivision 2.

(e) By July 1, 2015, the commissioner shall provide the chairs and ranking minority members of the legislative committees with jurisdiction over human services the revised premium scale effective August 1, 2015, and statutory language to codify the revised premium schedule.

(f) Premium changes authorized under paragraph (d) must only apply to enrollees not otherwise excluded from paying premiums under state or federal law. Premium changes authorized under

paragraph (d) must satisfy the requirements for premiums for the Basic Health Program under title 42 of Code of Federal Regulations, section 600.505.

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

**Sec. 30. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; NOTICE.**

For all individuals that received medical assistance non-long-term care services on or after July 1, 2014, the commissioner of human services must provide notice of the 2016 amendments to Minnesota Statutes, section 256B.15, subdivisions 1a and 2. The notice must be provided within 90 days from the date of enactment.

**Sec. 31. REPEALER.**

(a) Minnesota Statutes 2014, section 256B.059, subdivision 1a, is repealed.

(b) Minnesota Statutes 2014, sections 256L.04, subdivisions 2a and 8; 256L.22; 256L.24; 256L.26; and 256L.28, are repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective June 1, 2016. Paragraph (b) is effective the day following final enactment.

## **ARTICLE 20**

### **HEALTH DEPARTMENT**

Section 1. Minnesota Statutes 2014, section 13.3805, is amended by adding a subdivision to read:

**Subd. 5. Radon testing and mitigation data.** Data maintained by the Department of Health that identify the address of a radon testing or mitigation site, and the name, address, e-mail address, and telephone number of residents and residential property owners of a radon testing or mitigation site, are private data on individuals or nonpublic data.

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

Sec. 2. Minnesota Statutes 2014, section 62D.04, subdivision 1, is amended to read:

**Subdivision 1. Application review.** Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care, including a peer review process;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health shall require the amount of initial net worth required in section 62D.042, compliance with the risk-based capital standards under sections 60A.50 to 60A.592, the deposit required in section 62D.041, and in addition shall consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and

(3) agreements with providers for the provision of health care services;

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) demonstrated that it has made provisions for and adopted a conflict of interest policy applicable to all members of the board of directors and the principal officers of the health maintenance organization. The conflict of interest policy shall include the procedures described in section 317A.255, subdivisions 1 and 2. However, the commissioner is not precluded from finding that a particular transaction is an unreasonable expense as described in section 62D.19 even if the directors follow the required procedures; and

(h) otherwise met the requirements of sections 62D.01 to 62D.30.

Sec. 3. Minnesota Statutes 2014, section 62D.08, subdivision 3, is amended to read:

**Subd. 3. Report requirements.** Such report shall be on forms prescribed by the commissioner of health, and shall include:

(a) a financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or

nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, on forms prescribed by the commissioner;

(b) the number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) a summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c), in such form as may be required by the commissioner of health;

(d) a report of the names and addresses of all persons set forth in section 62D.03, subdivision 4, clause (c), who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4, clause (d);

(e) a separate report addressing health maintenance contracts sold to individuals covered by Medicare, title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6; and

(f) data on the number of complaints received and the category of each complaint as defined by the commissioner. The categories must include access, communication and behavior, health plan administration, facilities and environment, coordination of care, and technical competence and appropriateness. The commissioner, in consultation with interested stakeholders, shall define complaint categories to be used by each health maintenance organization by July 1, 2017, and the categories must be used by each health maintenance organization beginning calendar year 2018; and

(f) (g) such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of health to carry out the duties under sections 62D.01 to 62D.30.

#### Sec. 4. [62D.115] QUALITY OF CARE COMPLAINTS.

Subdivision 1. **Quality of care complaint.** For purposes of this section, "quality of care complaint" means an expressed dissatisfaction regarding health care services resulting in potential or actual harm to an enrollee. Quality of care complaints may include the following, to the extent that they affect the clinical quality of health care services rendered: access; provider and staff competence; clinical appropriateness of care; communications; behavior; facility and environmental considerations; and other factors that could impact the quality of health care services.

Subd. 2. **Quality of care complaint investigation.** (a) Each health maintenance organization shall develop and implement a quality of care complaint investigation process that meets the requirements of this section. The process must include a written policy and procedures for the receipt, investigation, and follow-up of quality of care complaints, that includes the requirements in paragraphs (b) to (h).

(b) A health maintenance organization's definition for quality of care complaints must include the concerns identified in subdivision 1.

(c) A health maintenance organization must include a description of each quality of care complaint level of severity, including:

(1) classification of complaints that warrant peer protection confidentiality as defined by the commissioner in paragraph (h); and

(2) investigation procedures for each level of severity.

(d) Any complaint with an allegation regarding quality of care or service must be investigated by the health maintenance organization. Documentation must show that each allegation has been addressed.

(e) Conclusions of each investigation must be supported with evidence that may include an associated corrective action plan implemented and documented and a formal response from a provider to the health maintenance organization if a formal response was submitted to the health maintenance organization. The record of investigation must include all related documents, correspondence, summaries, discussions, consultation, and conferences held.

(f) A medical director review shall be conducted as part of the investigation process when there is potential for patient harm.

(g) Each quality of care complaint received by a health maintenance organization must be tracked and trended for review by the health maintenance organization according to provider type and the following type of quality of care issue: behavior, facility, environmental, or technical competence.

(h) The commissioner, in consultation with interested stakeholders, shall define complaints that are subject to peer protection confidentiality in accordance with state and federal law by January 1, 2018.

Subd. 3. **Complaint reporting.** Each health maintenance organization shall submit to the commissioner, as part of the company's annual filing, data on the number of complaints and the category as defined by the commissioner as required under section 62D.08, subdivision 3, paragraph (f).

Subd. 4. **Records.** Each health maintenance organization shall maintain records of all quality of care complaints and their resolution and retain those records for five years. Notwithstanding section 145.64, information provided to the commissioner according to this subdivision is classified as confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivision 3 or 13.

Subd. 5. **Exception.** This section does not apply to quality of care complaints received by a health maintenance organization from an enrollee who is covered under a public health care program administered by the commissioner of human services under chapter 256B or 256L.

Sec. 5. Minnesota Statutes 2014, section 62J.495, subdivision 4, is amended to read:

Subd. 4. **Coordination with national HIT activities.** (a) The commissioner, in consultation with the e-Health Advisory Committee, shall update the statewide implementation plan required under subdivision 2 and released June 2008, to be consistent with the updated Federal HIT Strategic Plan released by the Office of the National Coordinator in accordance with section 3001 of the

HITECH Act. The statewide plan shall meet the requirements for a plan required under section 3013 of the HITECH Act.

(b) The commissioner, in consultation with the e-Health Advisory Committee, shall work to ensure coordination between state, regional, and national efforts to support and accelerate efforts to effectively use health information technology to improve the quality and coordination of health care and the continuity of patient care among health care providers, to reduce medical errors, to improve population health, to reduce health disparities, and to reduce chronic disease. The commissioner's coordination efforts shall include but not be limited to:

(1) assisting in the development and support of health information technology regional extension centers established under section 3012(c) of the HITECH Act to provide technical assistance and disseminate best practices; and

(2) providing supplemental information to the best practices gathered by regional centers to ensure that the information is relayed in a meaningful way to the Minnesota health care community; ;

(3) providing financial and technical support to Minnesota health care providers to encourage implementation of admission, discharge and transfer alerts, and care summary document exchange transactions and to evaluate the impact of health information technology on cost and quality of care. Communications about available financial and technical support shall include clear information about the interoperable health record requirements in subdivision 1, including a separate statement in bold-face type clarifying the exceptions to those requirements;

(4) providing educational resources and technical assistance to health care providers and patients related to state and national privacy, security, and consent laws governing clinical health information, including the requirements in sections 144.291 to 144.298. In carrying out these activities, the commissioner's technical assistance does not constitute legal advice;

(5) assessing Minnesota's legal, financial, and regulatory framework for health information exchange, including the requirements in sections 144.291 to 144.298, and making recommendations for modifications that would strengthen the ability of Minnesota health care providers to securely exchange data in compliance with patient preferences and in a way that is efficient and financially sustainable; and

(6) seeking public input on both patient impact and costs associated with requirements related to patient consent for release of health records for the purposes of treatment, payment, and health care operations, as required in section 144.293, subdivision 2. The commissioner shall provide a report to the legislature on the findings of this public input process no later than February 1, 2017.

(c) The commissioner, in consultation with the e-Health Advisory Committee, shall monitor national activity related to health information technology and shall coordinate statewide input on policy development. The commissioner shall coordinate statewide responses to proposed federal health information technology regulations in order to ensure that the needs of the Minnesota health care community are adequately and efficiently addressed in the proposed regulations. The commissioner's responses may include, but are not limited to:

(1) reviewing and evaluating any standard, implementation specification, or certification criteria proposed by the national HIT standards committee;

(2) reviewing and evaluating policy proposed by the national HIT policy committee relating to the implementation of a nationwide health information technology infrastructure;

(3) monitoring and responding to activity related to the development of quality measures and other measures as required by section 4101 of the HITECH Act. Any response related to quality measures shall consider and address the quality efforts required under chapter 62U; and

(4) monitoring and responding to national activity related to privacy, security, and data stewardship of electronic health information and individually identifiable health information.

(d) To the extent that the state is either required or allowed to apply, or designate an entity to apply for or carry out activities and programs under section 3013 of the HITECH Act, the commissioner of health, in consultation with the e-Health Advisory Committee and the commissioner of human services, shall be the lead applicant or sole designating authority. The commissioner shall make such designations consistent with the goals and objectives of sections 62J.495 to 62J.497 and 62J.50 to 62J.61.

(e) The commissioner of human services shall apply for funding necessary to administer the incentive payments to providers authorized under title IV of the American Recovery and Reinvestment Act.

(f) The commissioner shall include in the report to the legislature information on the activities of this subdivision and provide recommendations on any relevant policy changes that should be considered in Minnesota.

Sec. 6. Minnesota Statutes 2014, section 62J.496, subdivision 1, is amended to read:

**Subdivision 1. Account establishment.** (a) An account is established to:

(1) finance the purchase of certified electronic health records or qualified electronic health records as defined in section 62J.495, subdivision 1a;

(2) enhance the utilization of electronic health record technology, which may include costs associated with upgrading the technology to meet the criteria necessary to be a certified electronic health record or a qualified electronic health record;

(3) train personnel in the use of electronic health record technology; and

(4) improve the secure electronic exchange of health information.

(b) Amounts deposited in the account, including any grant funds obtained through federal or other sources, loan repayments, and interest earned on the amounts shall be used only for awarding loans or loan guarantees, as a source of reserve and security for leveraged loans, for activities authorized in section 62J.495, subdivision 4, or for the administration of the account.

(c) The commissioner may accept contributions to the account from private sector entities subject to the following provisions:

(1) the contributing entity may not specify the recipient or recipients of any loan issued under this subdivision;

(2) the commissioner shall make public the identity of any private contributor to the loan fund, as well as the amount of the contribution provided;

(3) the commissioner may issue letters of commendation or make other awards that have no financial value to any such entity; and

(4) a contributing entity may not specify that the recipient or recipients of any loan use specific products or services, nor may the contributing entity imply that a contribution is an endorsement of any specific product or service.

(d) The commissioner may use the loan funds to reimburse private sector entities for any contribution made to the loan fund. Reimbursement to private entities may not exceed the principle amount contributed to the loan fund.

(e) The commissioner may use funds deposited in the account to guarantee, or purchase insurance for, a local obligation if the guarantee or purchase would improve credit market access or reduce the interest rate applicable to the obligation involved.

(f) The commissioner may use funds deposited in the account as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the state if the proceeds of the sale of the bonds will be deposited into the loan fund.

(g) The commissioner shall not award new loans or loan guarantees after July 1, 2016.

Sec. 7. Minnesota Statutes 2014, section 144.05, is amended by adding a subdivision to read:

Subd. 6. Reports on interagency agreements and intra-agency transfers. The commissioner of health shall provide quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service level agreements with a state department under section 15.01, state agency under section 15.012, or the Office of MN.IT Services, with a value of more than \$100,000, or related agreements with the same department or agency with a cumulative value of more than \$100,000; and

(2) transfers of appropriations of more than \$100,000 between accounts within or between agencies.

The report must include the statutory citation authorizing the agreement, transfer or dollar amount, purpose, and effective date of the agreement, duration of the agreement, and a copy of the agreement.

Sec. 8. [144.1912] GREATER MINNESOTA FAMILY MEDICINE RESIDENCY GRANT PROGRAM.

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

(b) "Commissioner" means the commissioner of health.

(c) "Eligible family medicine residency program" means a program that meets the following criteria:

(1) is located in Minnesota outside the seven-county metropolitan area, as defined in section 473.121, subdivision 4;

(2) is accredited as a family medicine residency program or is a candidate for accreditation;

(3) is focused on the education and training of family medicine physicians to serve communities outside the metropolitan area; and

(4) demonstrates that over the most recent three years, at least 25 percent of its graduates practice in Minnesota communities outside the metropolitan area.

Subd. 2. **Program administration.** (a) The commissioner shall award family medicine residency grants to existing, eligible, not-for-profit family medicine residency programs to support current and new residency positions. Funds shall be allocated first to proposed new family medicine residency positions, and remaining funds shall be allocated proportionally based on the number of existing residents in eligible programs. The commissioner may fund a new residency position for up to three years.

(b) Grant funds awarded may only be spent to cover the costs of:

- (1) establishing, maintaining, or expanding training for family medicine residents;
- (2) recruitment, training, and retention of residents and faculty;
- (3) travel and lodging for residents; and
- (4) faculty, resident, and preceptor salaries.

(c) Grant funds shall not be used to supplant any other government or private funds available for these purposes.

Subd. 3. **Applications.** Eligible family medicine residency programs seeking a grant must apply to the commissioner. The application must include objectives, a related work plan and budget, a description of the number of new and existing residency positions that will be supported using grant funds, and additional information the commissioner determines to be necessary. The commissioner shall determine whether applications are complete and responsive and may require revisions or additional information before awarding a grant.

Subd. 4. **Program oversight.** The commissioner shall require and collect from family medicine residency programs receiving grants, information necessary to administer and evaluate the program. The evaluation shall include the scope of expansion of new residency positions and information describing specific programs to enhance current residency positions, which may include facility improvements. The commissioner shall continue to collect data on greater Minnesota family medicine residency shortages.

Sec. 9. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner of health shall adopt rules for establishing licensure requirements and enforcement of applicable laws and rules work standards relating to indoor radon in dwellings and other buildings, with the exception of newly constructed Minnesota homes according to section 326B.106, subdivision 6. The commissioner shall coordinate, oversee, and implement all state functions in matters concerning the presence, effects, measurement, and mitigation of risks of radon in dwellings and other buildings.

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

Sec. 10. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 4, is amended to read:

**Subd. 4. System tag.** All radon mitigation systems installed in Minnesota on or after ~~October 1, 2017~~ January 1, 2018, must have a radon mitigation system tag provided by the commissioner. A radon mitigation professional must attach the tag to the radon mitigation system in a visible location.

Sec. 11. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 5, is amended to read:

**Subd. 5. License required annually.** ~~Effective January 1, 2018,~~ a license is required annually for every person, firm, or corporation that sells a device or performs a service for compensation to detect the presence of radon in the indoor atmosphere, performs laboratory analysis, or performs a service to mitigate radon in the indoor atmosphere. ~~This section does not apply to retail stores that only sell or distribute radon sampling but are not engaged in the manufacture of radon sampling devices.~~

Sec. 12. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 6, is amended to read:

**Subd. 6. Exemptions.** Radon systems installed in newly constructed Minnesota homes according to section 326B.106, subdivision 6, prior to the issuance of a certificate of occupancy are not required to follow the requirements of this section. ~~This section does not apply to:~~

(1) employees of a firm or corporation that installs radon control systems in newly constructed Minnesota homes as specified in subdivision 11;

(2) a person authorized as a building official under Minnesota Rules, part 1300.0070, or that person's designee; or

(3) any person, firm, corporation, or entity that distributes radon testing devices or information for general educational purposes.

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

Sec. 13. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 8, is amended to read:

**Subd. 8. Licensing fees.** (a) All radon license applications submitted to the commissioner of health must be accompanied by the required fees. If the commissioner determines that insufficient fees were paid, the necessary additional fees must be paid before the commissioner approves the application. The commissioner shall charge the following fees for each radon license:

(1) Each measurement professional license, \$300 ~~\$150~~ per year. "Measurement professional" means any person who performs a test to determine the presence and concentration of radon in a building ~~they do the person does not own or lease; provides professional or expert advice on radon testing, radon exposure, or health risks related to radon exposure; or makes representations of doing any of these activities.~~

(2) Each mitigation professional license, \$500 ~~\$250~~ per year. "Mitigation professional" means an individual who performs ~~installs or designs a radon mitigation system in a building they do the individual does not own or lease; provides professional or expert advice on radon mitigation or radon entry routes; or provides on-site supervision of radon mitigation and mitigation technicians;~~

~~or makes representations of doing any of these activities. "On-site supervision" means a review at the property of mitigation work upon completion of the work and attachment of a system tag. Employees or subcontractors who are supervised by a licensed mitigation professional are not required to be licensed under this clause. This license also permits the licensee to perform the activities of a measurement professional described in clause (1).~~

(3) Each mitigation company license, \$500 ~~\$100~~ per year. "Mitigation company" means any business or government entity that performs or authorizes employees to perform radon mitigation. This fee is waived if the ~~mitigation company is a sole proprietorship employs only one licensed mitigation professional.~~

(4) Each radon analysis laboratory license, \$500 per year. "Radon analysis laboratory" means a business entity or government entity that analyzes passive radon detection devices to determine the presence and concentration of radon in the devices. This fee is waived if the laboratory is a government entity and is only distributing test kits for the general public to use in Minnesota.

(5) Each Minnesota Department of Health radon mitigation system tag, \$75 per tag. "Minnesota Department of Health radon mitigation system tag" or "system tag" means a unique identifiable radon system label provided by the commissioner of health.

(b) Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

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

Sec. 14. Minnesota Statutes 2015 Supplement, section 144.4961, is amended by adding a subdivision to read:

Subd. 10. Local inspections or permits. This section does not preclude local units of government from requiring additional permits or inspections for radon control systems, and does not supersede any local inspection or permit requirements.

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

Sec. 15. Minnesota Statutes 2015 Supplement, section 144.4961, is amended by adding a subdivision to read:

Subd. 11. Application; newly constructed homes. This section does not apply to newly constructed Minnesota homes according to section 326B.106, subdivision 6, prior to the issuance of a certificate of occupancy.

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

Sec. 16. Minnesota Statutes 2014, section 144A.75, subdivision 5, is amended to read:

Subd. 5. Hospice provider. "Hospice provider" means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of hospice services for a fee to terminally ill hospice patients. A hospice must provide all core services.

Sec. 17. Minnesota Statutes 2014, section 144A.75, subdivision 6, is amended to read:

Subd. 6. Hospice patient. "Hospice patient" means an individual who has been diagnosed as terminally ill, with a probable life expectancy of under one year, as whose illness has been

documented by the individual's attending physician and hospice medical director, who alone or, when unable, through the individual's family has voluntarily consented to and received admission to a hospice provider, and who:

- (1) has been diagnosed as terminally ill, with a probable life expectancy of under one year; or
- (2) is 21 years of age or younger; has been diagnosed with a chronic, complex, and life-threatening illness contributing to a shortened life expectancy; and is not expected to survive to adulthood.

Sec. 18. Minnesota Statutes 2014, section 144A.75, subdivision 8, is amended to read:

**Subd. 8. Hospice services; hospice care.** "Hospice services" or "hospice care" means palliative and supportive care and other services provided by an interdisciplinary team under the direction of an identifiable hospice administration to terminally ill hospice patients and their families to meet the physical, nutritional, emotional, social, spiritual, and special needs experienced during the final stages of illness, dying, and bereavement, or during a chronic, complex, and life-threatening illness contributing to a shortened life expectancy for hospice patients who meet the criteria in subdivision 6, clause (2). These services are provided through a centrally coordinated program that ensures continuity and consistency of home and inpatient care that is provided directly or through an agreement.

Sec. 19. Minnesota Statutes 2015 Supplement, section 144A.75, subdivision 13, is amended to read:

**Subd. 13. Residential hospice facility.** (a) "Residential hospice facility" means a facility that resembles a single-family home modified to address life safety, accessibility, and care needs, located in a residential area that directly provides 24-hour residential and support services in a home-like setting for hospice patients as an integral part of the continuum of home care provided by a hospice and that houses:

- (1) no more than eight hospice patients; or
- (2) at least nine and no more than 12 hospice patients with the approval of the local governing authority, notwithstanding section 462.357, subdivision 8.

(b) Residential hospice facility also means a facility that directly provides 24-hour residential and support services for hospice patients and that:

- (1) houses no more than 21 hospice patients;
- (2) meets hospice certification regulations adopted pursuant to title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, et seq.; and
- (3) is located on St. Anthony Avenue in St. Paul, Minnesota, and was licensed as a 40-bed non-Medicare certified nursing home as of January 1, 2015.

Sec. 20. Minnesota Statutes 2014, section 144A.75, is amended by adding a subdivision to read:

**Subd. 13a. Respite care.** "Respite care" means short-term care in an inpatient facility, such as a residential hospice facility, when necessary to relieve the hospice patient's family or other persons caring for the patient. Respite care may be provided on an occasional basis.

Sec. 21. **[145.908] GRANT PROGRAM; SCREENING AND TREATMENT FOR PRE-AND POSTPARTUM MOOD AND ANXIETY DISORDERS.**

Subdivision 1. **Grant program established.** Within the limits of federal funds available specifically for this purpose, the commissioner of health shall establish a grant program to provide culturally competent programs to screen and treat pregnant women and women who have given birth in the preceding 12 months for pre- and postpartum mood and anxiety disorders. Organizations may use grant funds to establish new screening or treatment programs, or expand or maintain existing screening or treatment programs. In establishing the grant program, the commissioner shall prioritize expanding or enhancing screening for pre- and postpartum mood and anxiety disorders in primary care settings. The commissioner shall determine the types of organizations eligible for grants.

Subd. 2. **Allowable uses of funds.** Grant funds awarded by the commissioner under this section:

(1) must be used to provide health care providers with appropriate training and relevant resources on screening, treatment, follow-up support, and links to community-based resources for pre- and postpartum mood and anxiety disorders; and

(2) may be used to:

(i) enable health care providers to provide or receive psychiatric consultations to treat eligible women for pre- and postpartum mood and anxiety disorders;

(ii) conduct a public awareness campaign;

(iii) fund start-up costs for telephone lines, Web sites, and other resources to collect and disseminate information about screening and treatment for pre- and postpartum mood and anxiety disorders; or

(iv) establish connections between community-based resources.

Subd. 3. **Federal funds.** The commissioner shall apply for any available grant funds from the federal Department of Health and Human Services for this program.

Sec. 22. Minnesota Statutes 2014, section 149A.50, subdivision 2, is amended to read:

Subd. 2. **Requirements for funeral establishment.** A funeral establishment licensed under this section must:

(1) contain a comply with preparation and embalming room requirements as described in section 149A.92;

(2) contain office space for making arrangements; and

(3) comply with applicable local and state building codes, zoning laws, and ordinances.

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

Sec. 23. Minnesota Statutes 2015 Supplement, section 149A.92, subdivision 1, is amended to read:

Subdivision 1. **Establishment update.** (a) Notwithstanding subdivision 11, a funeral establishment with other establishment locations that uses one preparation and embalming room for all establishment locations has until July 1, 2017, to bring the other establishment locations

that are not used for preparation or embalming into compliance with this section so long as the preparation and embalming room that is used complies with the minimum standards in this section.

(b) At the time that ownership of a funeral establishment changes, the physical location of the establishment changes, or the building housing the funeral establishment or business space of the establishment is remodeled the existing preparation and embalming room must be brought into compliance with the minimum standards in this section and in accordance with subdivision 11.

(a) Any room used by a funeral establishment for preparation and embalming must comply with the minimum standards of this section. A funeral establishment where no preparation and embalming is performed, but which conducts viewings, visitations, and services, or which holds human remains while awaiting final disposition, need not comply with the minimum standards of this section.

(b) Each funeral establishment must have a preparation and embalming room that complies with the minimum standards of this section, except that a funeral establishment that operates branch locations need only have one compliant preparation and embalming room for all locations.

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

Sec. 24. Minnesota Statutes 2014, section 327.14, subdivision 8, is amended to read:

Subd. 8. **Recreational camping area.** "Recreational camping area" means any area, whether privately or publicly owned, used on a daily, nightly, weekly, or longer basis for the accommodation of five or more tents or recreational camping vehicles free of charge or for compensation. "Recreational camping area" excludes:

- (1) children's camps;
- (2) industrial camps;
- (3) migrant labor camps, as defined in Minnesota Statutes and state commissioner of health rules;
- (4) United States Forest Service camps;
- (5) state forest service camps;
- (6) state wildlife management areas or state-owned public access areas which are restricted in use to picnicking and boat landing; and
- (7) temporary holding areas for self-contained recreational camping vehicles created by and adjacent to motor sports facilities, if the chief law enforcement officer of an affected jurisdiction determines that it is in the interest of public safety to provide a temporary holding area; and
- (8) a privately owned area used for camping no more than once a year and for no longer than seven consecutive days by members of a private club where the members pay annual dues to belong to the club.

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

Sec. 25. Laws 2015, chapter 71, article 8, section 24, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective July 1, 2015, except subdivisions 4 and 5, which are effective October 1, 2017 July 1, 2016.

Sec. 26. **REPEALER.**

Minnesota Statutes 2014, section 149A.92, subdivision 11, is repealed the day following final enactment.

## ARTICLE 21

### HEALTH-RELATED OCCUPATIONAL LICENSING GENETIC COUNSELORS

#### Section 1. **[147F.01] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **ABGC.** "ABGC" means the American Board of Genetic Counseling, a national agency for certification and recertification of genetic counselors, or its successor organization or equivalent.

Subd. 3. **ABMG.** "ABMG" means the American Board of Medical Genetics, a national agency for certification and recertification of genetic counselors, medical geneticists, and Ph.D. geneticists, or its successor organization.

Subd. 4. **ACGC.** "ACGC" means the Accreditation Council for Genetic Counseling, a specialized program accreditation board for educational training programs granting master's degrees or higher in genetic counseling, or its successor organization.

Subd. 5. **Board.** "Board" means the Board of Medical Practice.

Subd. 6. **Eligible status.** "Eligible status" means an applicant who has met the requirements and received approval from the ABGC to sit for the certification examination.

Subd. 7. **Genetic counseling.** "Genetic counseling" means the provision of services described in section 147F.03 to help clients and their families understand the medical, psychological, and familial implications of genetic contributions to a disease or medical condition.

Subd. 8. **Genetic counselor.** "Genetic counselor" means an individual licensed under this chapter to engage in the practice of genetic counseling.

Subd. 9. **Licensed physician.** "Licensed physician" means an individual who is licensed to practice medicine under chapter 147.

Subd. 10. **NSGC.** "NSGC" means the National Society of Genetic Counselors, a professional membership association for genetic counselors that approves continuing education programs.

Subd. 11. **Qualified supervisor.** "Qualified supervisor" means any person who is licensed under this chapter as a genetic counselor or a physician licensed under chapter 147 to practice medicine in Minnesota.

Subd. 12. **Supervisee.** "Supervisee" means a genetic counselor with a provisional license.

Subd. 13. **Supervision.** "Supervision" means an assessment of the work of the supervisee, including regular meetings and file review, by a qualified supervisor according to the supervision contract. Supervision does not require the qualified supervisor to be present while the supervisee provides services.

**Sec. 2. [147F.03] SCOPE OF PRACTICE.**

The practice of genetic counseling by a licensed genetic counselor includes the following services:

- (1) obtaining and interpreting individual and family medical and developmental histories;
- (2) determining the mode of inheritance and the risk of transmitting genetic conditions and birth defects;
- (3) discussing the inheritance, features, natural history, means of diagnosis, and management of conditions with clients;
- (4) identifying, coordinating, ordering, and explaining the clinical implications of genetic laboratory tests and other laboratory studies;
- (5) assessing psychosocial factors, including social, educational, and cultural issues;
- (6) providing client-centered counseling and anticipatory guidance to the client or family based on their responses to the condition, risk of occurrence, or risk of recurrence;
- (7) facilitating informed decision-making about testing and management;
- (8) identifying and using community resources that provide medical, educational, financial, and psychosocial support and advocacy; and
- (9) providing accurate written medical, genetic, and counseling information for families and health care professionals.

**Sec. 3. [147F.05] UNLICENSED PRACTICE PROHIBITED; PROTECTED TITLES AND RESTRICTIONS ON USE.**

Subdivision 1. **Protected titles.** No individual may use the title "genetic counselor," "licensed genetic counselor," "gene counselor," "genetic consultant," "genetic assistant," "genetic associate," or any words, letters, abbreviations, or insignia indicating or implying that the individual is eligible for licensure by the state as a genetic counselor unless the individual has been licensed as a genetic counselor according to this chapter.

Subd. 2. **Unlicensed practice prohibited.** Effective January 1, 2018, no individual may practice genetic counseling unless the individual is licensed as a genetic counselor under this chapter except as otherwise provided under this chapter.

Subd. 3. **Other practitioners.** (a) Nothing in this chapter shall be construed to prohibit or restrict the practice of any profession or occupation licensed or registered by the state by an individual duly licensed or registered to practice the profession or occupation or to perform any act that falls within the scope of practice of the profession or occupation.

(b) Nothing in this chapter shall be construed to require a license under this chapter for:

(1) an individual employed as a genetic counselor by the federal government or a federal agency if the individual is providing services under the direction and control of the employer;

(2) a student or intern, having graduated within the past six months, or currently enrolled in an ACGC-accredited genetic counseling educational program providing genetic counseling services that are an integral part of the student's or intern's course of study, are performed under the direct

supervision of a licensed genetic counselor or physician who is on duty in the assigned patient care area, and the student is identified by the title "genetic counseling intern";

(3) a visiting ABGC- or ABMG-certified genetic counselor working as a consultant in this state who permanently resides outside of the state, or the occasional use of services from organizations from outside of the state that employ ABGC- or ABMG-certified genetic counselors. This is limited to practicing for 30 days total within one calendar year. Certified genetic counselors from outside of the state working as a consultant in this state must be licensed in their state of residence if that credential is available; or

(4) an individual who is licensed to practice medicine under chapter 147.

Subd. 4. **Sanctions.** An individual who violates this section is guilty of a misdemeanor and shall be subject to sanctions or actions according to section 214.11.

**Sec. 4. [147F.07] LICENSURE REQUIREMENTS.**

Subdivision 1. **General requirements for licensure.** To be eligible for licensure, an applicant, with the exception of those seeking licensure by reciprocity under subdivision 2, must submit to the board:

(1) a completed application on forms provided by the board along with all fees required under section 147F.17. The applicant must include:

(i) the applicant's name, Social Security number, home address and telephone number, and business address and telephone number if currently employed;

(ii) the name and location of the genetic counseling or medical program the applicant completed;

(iii) a list of degrees received from other educational institutions;

(iv) a description of the applicant's professional training;

(v) a list of registrations, certifications, and licenses held in other jurisdictions;

(vi) a description of any other jurisdiction's refusal to credential the applicant;

(vii) a description of all professional disciplinary actions initiated against the applicant in any jurisdiction; and

(viii) any history of drug or alcohol abuse, and any misdemeanor, gross misdemeanor, or felony conviction;

(2) evidence of graduation from an education program accredited by the ACGC or its predecessor or successor organization;

(3) a verified copy of a valid and current certification issued by the ABGC or ABMG as a certified genetic counselor, or by the ABMG as a certified medical geneticist;

(4) additional information as requested by the board, including any additional information necessary to ensure that the applicant is able to practice with reasonable skill and safety to the public;

(5) a signed statement verifying that the information in the application is true and correct to the best of the applicant's knowledge and belief; and

(6) a signed waiver authorizing the board to obtain access to the applicant's records in this or any other state in which the applicant completed an educational program or engaged in the practice of genetic counseling.

Subd. 2. Licensure by reciprocity. To be eligible for licensure by reciprocity, the applicant must hold a current genetic counselor or medical geneticist registration or license in another state, the District of Columbia, or a territory of the United States, whose standards for registration or licensure are at least equivalent to those of Minnesota, and must:

(1) submit the application materials and fees as required by subdivision 1, clauses (1), (2), and (4) to (6);

(2) provide a verified copy from the appropriate government body of a current registration or license for the practice of genetic counseling in another jurisdiction that has initial registration or licensing requirements equivalent to or higher than the requirements in subdivision 1; and

(3) provide letters of verification from the appropriate government body in each jurisdiction in which the applicant holds a registration or license. Each letter must state the applicant's name, date of birth, registration or license number, date of issuance, a statement regarding disciplinary actions, if any, taken against the applicant, and the terms under which the registration or license was issued.

Subd. 3. Licensure by equivalency. (a) The board may grant a license to an individual who does not meet the certification requirements in subdivision 1 but who has been employed as a genetic counselor for a minimum of ten years and provides the following documentation to the board:

(1) proof of a master's or higher degree in genetics or related field of study from an accredited educational institution;

(2) proof that the individual has never failed the ABGC or ABMG certification examination;

(3) three letters of recommendation, with at least one from an individual eligible for licensure under this chapter, and at least one from an individual certified as a genetic counselor by the ABGC or ABMG or an individual certified as a medical geneticist by the ABMG. An individual who submits a letter of recommendation must have worked with the applicant in an employment setting during the past ten years and must attest to the applicant's competency; and

(4) documentation of the completion of 100 hours of NSGC-approved continuing education credits within the past five years.

(b) This subdivision expires January 1, 2018.

Subd. 4. License expiration. A genetic counselor license shall be valid for one year from the date of issuance.

Subd. 5. License renewal. To be eligible for license renewal, a licensed genetic counselor must submit to the board:

(1) a renewal application on a form provided by the board;

(2) the renewal fee required under section 147F.17;

(3) evidence of compliance with the continuing education requirements in section 147F.11; and

(4) any additional information requested by the board.

**Sec. 5. [147F.09] BOARD ACTION ON APPLICATIONS FOR LICENSURE.**

(a) The board shall act on each application for licensure according to paragraphs (b) to (d).

(b) The board shall determine if the applicant meets the requirements for licensure under section 147F.07. The board may investigate information provided by an applicant to determine whether the information is accurate and complete.

(c) The board shall notify each applicant in writing of action taken on the application, the grounds for denying licensure if a license is denied, and the applicant's right to review the board's decision under paragraph (d).

(d) Applicants denied licensure may make a written request to the board, within 30 days of the board's notice, to appear before the advisory council and for the advisory council to review the board's decision to deny the applicant's license. After reviewing the denial, the advisory council shall make a recommendation to the board as to whether the denial shall be affirmed. Each applicant is allowed only one request for review per licensure period.

**Sec. 6. [147F.11] CONTINUING EDUCATION REQUIREMENTS.**

(a) A licensed genetic counselor must complete a minimum of 25 hours of NSGC- or ABMG-approved continuing education units every two years. If a licensee's renewal term is prorated to be more or less than one year, the required number of continuing education units is prorated proportionately.

(b) The board may grant a variance to the continuing education requirements specified in this section if a licensee demonstrates to the satisfaction of the board that the licensee is unable to complete the required number of educational units during the renewal term. The board may allow the licensee to complete the required number of continuing education units within a time frame specified by the board. In no case shall the board allow the licensee to complete less than the required number of continuing education units.

**Sec. 7. [147F.13] DISCIPLINE; REPORTING.**

For purposes of this chapter, licensed genetic counselors and applicants are subject to sections 147.091 to 147.162.

**Sec. 8. [147F.15] LICENSED GENETIC COUNSELOR ADVISORY COUNCIL.**

Subdivision 1. Membership. The board shall appoint a five-member Licensed Genetic Counselor Advisory Council. One member must be a licensed physician with experience in genetics, three members must be licensed genetic counselors, and one member must be a public member.

Subd. 2. Organization. The advisory council shall be organized and administered as provided in section 15.059.

Subd. 3. Duties. The advisory council shall:

(1) advise the board regarding standards for licensed genetic counselors;

(2) provide for distribution of information regarding licensed genetic counselor practice standards;

- (3) advise the board on enforcement of this chapter;
- (4) review applications and recommend granting or denying licensure or license renewal;
- (5) advise the board on issues related to receiving and investigating complaints, conducting hearings, and imposing disciplinary action in relation to complaints against licensed genetic counselors; and
- (6) perform other duties authorized for advisory councils under chapter 214, as directed by the board.

Subd. 4. **Expiration.** Notwithstanding section 15.059, the advisory council does not expire.

Sec. 9. **[147F.17] FEES.**

Subdivision 1. **Fees.** Fees are as follows:

- (1) license application fee, \$200;
- (2) initial licensure and annual renewal, \$150; and
- (3) late fee, \$75.

Subd. 2. **Proration of fees.** The board may prorate the initial license fee. All licensees are required to pay the full fee upon license renewal.

Subd. 3. **Penalty for late renewals.** An application for registration renewal submitted after the deadline must be accompanied by a late fee in addition to the required fees.

Subd. 4. **Nonrefundable fees.** All fees are nonrefundable.

Subd. 5. **Deposit.** Fees collected by the board under this section shall be deposited in the state government special revenue fund.

## ORTHOTICS, PEDORTHICS, AND PROSTHETICS

Sec. 10. **[153B.10] SHORT TITLE.**

Chapter 153B may be cited as the "Minnesota Orthotist, Prosthetist, and Pedorthist Practice Act."

Sec. 11. **[153B.15] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of this chapter, the following words have the meanings given.

Subd. 2. **Advisory council.** "Advisory council" means the Orthotics, Prosthetics, and Pedorthics Advisory Council established under section 153B.25.

Subd. 3. **Board.** "Board" means the Board of Podiatric Medicine.

Subd. 4. **Custom-fabricated device.** "Custom-fabricated device" means an orthosis, prosthesis, or pedorthic device for use by a patient that is fabricated to comprehensive measurements or a mold or patient model in accordance with a prescription and which requires on-site or in-person clinical and technical judgment in its design, fabrication, and fitting.

Subd. 5. Licensed orthotic-prosthetic assistant. "Licensed orthotic-prosthetic assistant" or "assistant" means a person, licensed by the board, who is educated and trained to participate in comprehensive orthotic and prosthetic care while under the supervision of a licensed orthotist or licensed prosthetist. Assistants may perform orthotic and prosthetic procedures and related tasks in the management of patient care. The assistant may fabricate, repair, and maintain orthoses and prostheses. The use of the title "orthotic-prosthetic assistant" or representations to the public is limited to a person who is licensed under this chapter as an orthotic-prosthetic assistant.

Subd. 6. Licensed orthotic fitter. "Licensed orthotic fitter" or "fitter" means a person licensed by the board who is educated and trained in providing certain orthoses, and is trained to conduct patient assessments, formulate treatment plans, implement treatment plans, perform follow-up, and practice management pursuant to a prescription. An orthotic fitter must be competent to fit certain custom-fitted, prefabricated, and off-the-shelf orthoses as follows:

- (1) cervical orthoses, except those used to treat an unstable cervical condition;
- (2) prefabricated orthoses for the upper and lower extremities, except those used in:
  - (i) the initial or acute treatment of long bone fractures and dislocations;
  - (ii) therapeutic shoes and inserts needed as a result of diabetes; and
  - (iii) functional electrical stimulation orthoses;
- (3) prefabricated spinal orthoses, except those used in the treatment of scoliosis or unstable spinal conditions, including halo cervical orthoses; and
- (4) trusses.

The use of the title "orthotic fitter" or representations to the public is limited to a person who is licensed under this chapter as an orthotic fitter.

Subd. 7. Licensed orthotist. "Licensed orthotist" means a person licensed by the board who is educated and trained to practice orthotics, which includes managing comprehensive orthotic patient care pursuant to a prescription. The use of the title "orthotist" or representations to the public is limited to a person who is licensed under this chapter as an orthotist.

Subd. 8. Licensed pedorthist. "Licensed pedorthist" means a person licensed by the board who is educated and trained to manage comprehensive pedorthic patient care and who performs patient assessments, formulates and implements treatment plans, and performs follow-up and practice management pursuant to a prescription. A pedorthist may fit, fabricate, adjust, or modify devices within the scope of the pedorthist's education and training. Use of the title "pedorthist" or representations to the public is limited to a person who is licensed under this chapter as a pedorthist.

Subd. 9. Licensed prosthetist. "Licensed prosthetist" means a person licensed by the board who is educated and trained to manage comprehensive prosthetic patient care, and who performs patient assessments, formulates and implements treatment plans, and performs follow-up and practice management pursuant to a prescription. Use of the title "prosthetist" or representations to the public is limited to a person who is licensed under this chapter as a prosthetist.

Subd. 10. Licensed prosthetist orthotist. "Licensed prosthetist orthotist" means a person licensed by the board who is educated and trained to manage comprehensive prosthetic and orthotic patient care, and who performs patient assessments, formulates and implements treatment

plans, and performs follow-up and practice management pursuant to a prescription. Use of the title "prosthetist orthotist" or representations to the public is limited to a person who is licensed under this chapter as a prosthetist orthotist.

Subd. 11. **NCOPE.** "NCOPE" means National Commission on Orthotic and Prosthetic Education, an accreditation program that ensures educational institutions and residency programs meet the minimum standards of quality to prepare individuals to enter the orthotic, prosthetic, and pedorthic professions.

Subd. 12. **Orthosis.** "Orthosis" means an external device that is custom-fabricated or custom-fitted to a specific patient based on the patient's unique physical condition and is applied to a part of the body to help correct a deformity, provide support and protection, restrict motion, improve function, or relieve symptoms of a disease, syndrome, injury, or postoperative condition.

Subd. 13. **Orthotics.** "Orthotics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing an orthosis pursuant to a prescription. The practice of orthotics includes providing the initial training necessary for fitting an orthotic device for the support, correction, or alleviation of neuromuscular or musculoskeletal dysfunction, disease, injury, or deformity.

Subd. 14. **Over-the-counter.** "Over-the-counter" means a prefabricated, mass-produced item that is prepackaged, requires no professional advice or judgment in size selection or use, and is currently available at retail stores without a prescription. Over-the-counter items are not regulated by this chapter.

Subd. 15. **Off-the-shelf.** "Off-the-shelf" means a prefabricated device sized or modified for the patient's use pursuant to a prescription and that requires changes to be made by a qualified practitioner to achieve an individual fit, such as requiring the item to be trimmed, bent, or molded with or without heat, or requiring any other alterations beyond self adjustment.

Subd. 16. **Pedorthic device.** "Pedorthic device" means below-the-ankle partial foot prostheses for transmetatarsal and more distal amputations, foot orthoses, and subtalar-control foot orthoses to control the range of motion of the subtalar joint. A prescription is required for any pedorthic device, modification, or prefabricated below-the-knee orthosis addressing a medical condition that originates at the ankle or below. Pedorthic devices do not include nontherapeutic inlays or footwear regardless of method of manufacture; unmodified, nontherapeutic over-the-counter shoes; or prefabricated foot care products.

Subd. 17. **Pedorthics.** "Pedorthics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing a pedorthic device pursuant to a prescription for the correction or alleviation of neuromuscular or musculoskeletal dysfunction, disease, injury, or deformity. The practice of pedorthics includes providing patient care and services pursuant to a prescription to prevent or ameliorate painful or disabling conditions of the foot and ankle.

Subd. 18. **Prescription.** "Prescription" means an order deemed medically necessary by a physician, podiatric physician, osteopathic physician, or a licensed health care provider who has authority in this state to prescribe orthotic and prosthetic devices, supplies, and services.

Subd. 19. **Prosthesis.** "Prosthesis" means a custom-designed, fabricated, fitted, or modified device to treat partial or total limb loss for purposes of restoring physiological function or cosmesis.

Prosthesis does not include artificial eyes, ears, fingers, or toes; dental appliances; external breast prosthesis; or cosmetic devices that do not have a significant impact on the musculoskeletal functions of the body.

Subd. 20. **Prosthetics.** "Prosthetics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing a prosthesis pursuant to a prescription. It includes providing the initial training necessary to fit a prosthesis in order to replace external parts of a human body lost due to amputation, congenital deformities, or absence.

Subd. 21. **Resident.** "Resident" means a person who has completed a NCOPE-approved education program in orthotics or prosthetics and is receiving clinical training in a residency accredited by NCOPE.

Subd. 22. **Residency.** "Residency" means a minimum of an NCOPE-approved program to acquire practical clinical training in orthotics and prosthetics in a patient care setting.

Subd. 23. **Supervisor.** "Supervisor" means the licensed orthotist, prosthetist, or pedorthist who oversees and is responsible for the delivery of appropriate, effective, ethical, and safe orthotic, prosthetic, or pedorthic patient care.

#### Sec. 12. [153B.20] EXCEPTIONS.

Nothing in this chapter shall prohibit:

(1) a physician, osteopathic physician, or podiatric physician licensed by the state of Minnesota from providing services within the physician's scope of practice;

(2) a health care professional licensed by the state of Minnesota, including, but not limited to, chiropractors, physical therapists, and occupational therapy practitioners from providing services within the professional's scope of practice, or an individual working under the supervision of a licensed physician or podiatric physician;

(3) the practice of orthotics, prosthetics, or pedorthics by a person who is employed by the federal government or any bureau, division, or agency of the federal government while in the discharge of the employee's official duties;

(4) the practice of orthotics, prosthetics, or pedorthics by:

(i) a student enrolled in an accredited or approved orthotics, prosthetics, or pedorthics education program who is performing activities required by the program;

(ii) a resident enrolled in an NCOPE-accredited residency program; or

(iii) a person working in a qualified, supervised work experience or internship who is obtaining the clinical experience necessary for licensure under this chapter; or

(5) an orthotist, prosthetist, prosthetist orthotist, pedorthist, assistant, or fitter who is licensed in another state or territory of the United States or in another country that has equivalent licensure requirements as approved by the board from providing services within the professional's scope of practice subject to this chapter, if the individual is qualified and has applied for licensure under this chapter. The individual shall be allowed to practice for no longer than six months following the filing of the application for licensure, unless the individual withdraws the application for licensure or the board denies the license.

Sec. 13. **[153B.25] ORTHOTICS, PROSTHETICS, AND PEDORTHICS ADVISORY COUNCIL.**

Subdivision 1. **Creation; membership.** (a) There is established an Orthotics, Prosthetics, and Pedorthics Advisory Council that shall consist of seven voting members appointed by the board. Five members shall be licensed and practicing orthotists, prosthetists, or pedorthists. Each profession shall be represented on the advisory council. One member shall be a Minnesota-licensed doctor of podiatric medicine who is also a member of the Board of Podiatric Medicine, and one member shall be a public member.

(b) The council shall be organized and administered under section 15.059.

Subd. 2. **Duties.** The advisory council shall:

(1) advise the board on enforcement of the provisions contained in this chapter;

(2) review reports of investigations or complaints relating to individuals and make recommendations to the board as to whether a license should be denied or disciplinary action taken against an individual;

(3) advise the board regarding standards for licensure of professionals under this chapter; and

(4) perform other duties authorized for advisory councils by chapter 214, as directed by the board.

Subd. 3. **Chair.** The council must elect a chair from among its members.

Subd. 4. **Administrative provisions.** The Board of Podiatric Medicine must provide meeting space and administrative services for the council.

Sec. 14. **[153B.30] LICENSURE.**

Subdivision 1. **Application.** An application for a license shall be submitted to the board in the format required by the board and shall be accompanied by the required fee, which is nonrefundable.

Subd. 2. **Qualifications.** (a) To be eligible for licensure as an orthotist, prosthetist, or prosthetist orthotist, an applicant shall meet orthotist, prosthetist, or prosthetist orthotist certification requirements of either the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation requirements in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

(b) To be eligible for licensure as a pedorthist, an applicant shall meet the pedorthist certification requirements of either the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation that are in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

(c) To be eligible for licensure as an orthotic or prosthetic assistant, an applicant shall meet the orthotic or prosthetic assistant certification requirements of the American Board for Certification in Orthotics, Prosthetics, and Pedorthics that are in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

(d) To be eligible for licensure as an orthotic fitter, an applicant shall meet the orthotic fitter certification requirements of either the American Board for Certification in Orthotics, Prosthetics,

and Pedorthics or the Board of Certification/Accreditation that are in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

Subd. 3. **License term.** A license to practice is valid for a term of up to 24 months beginning on January 1 or commencing after initially fulfilling the license requirements and ending on December 31 of the following year.

**Sec. 15. [153B.35] EMPLOYMENT BY AN ACCREDITED FACILITY; SCOPE OF PRACTICE.**

A licensed orthotist, prosthetist, pedorthist, assistant, or orthotic fitter may provide limited, supervised orthotic or prosthetic patient care services beyond their licensed scope of practice if all of the following conditions are met:

(1) the licensee is employed by a patient care facility that is accredited by a national accrediting organization in orthotics, prosthetics, and pedorthics;

(2) written objective criteria are documented by the accredited facility to describe the knowledge and skills required by the licensee to demonstrate competency to provide additional specific and limited orthotic or prosthetic patient care services that are outside the licensee's scope of practice;

(3) the licensee provides orthotic or prosthetic patient care only at the direction of a supervisor who is licensed as an orthotist, pedorthist, or prosthetist who is employed by the facility to provide the specific orthotic or prosthetic patient care or services that are outside the licensee's scope of practice; and

(4) the supervised orthotic or prosthetic patient care occurs in compliance with facility accreditation standards.

**Sec. 16. [153B.40] CONTINUING EDUCATION.**

Subdivision 1. **Requirement.** Each licensee shall obtain the number of continuing education hours required by the certifying board to maintain certification status pursuant to the specific license category.

Subd. 2. **Proof of attendance.** A licensee must submit to the board proof of attendance at approved continuing education programs during the license renewal period in which it was attended in the form of a certificate, statement of continuing education credits from the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation, descriptive receipt, or affidavit. The board may conduct random audits.

Subd. 3. **Extension of continuing education requirements.** For good cause, a licensee may apply to the board for a six-month extension of the deadline for obtaining the required number of continuing education credits. No more than two consecutive extensions may be granted. For purposes of this subdivision, "good cause" includes unforeseen hardships such as illness, family emergency, or military call-up.

**Sec. 17. [153B.45] LICENSE RENEWAL.**

Subdivision 1. **Submission of license renewal application.** A licensee must submit to the board a license renewal application on a form provided by the board together with the license renewal fee. The completed form must be postmarked no later than January 1 in the year of renewal. The form must be signed by the licensee in the place provided for the renewal applicant's signature, include

evidence of participation in approved continuing education programs, and any other information as the board may reasonably require.

**Subd. 2. Renewal application postmarked after January 1.** A renewal application postmarked after January 1 in the renewal year shall be returned to the licensee for addition of the late renewal fee. A license renewal application postmarked after January 1 in the renewal year is not complete until the late renewal fee has been received by the board.

**Subd. 3. Failure to submit renewal application.** (a) At any time after January 1 of the applicable renewal year, the board shall send notice to a licensee who has failed to apply for license renewal. The notice shall be mailed to the licensee at the last address on file with the board and shall include the following information:

- (1) that the licensee has failed to submit application for license renewal;
  - (2) the amount of renewal and late fees;
  - (3) information about continuing education that must be submitted in order for the license to be renewed;
  - (4) that the licensee must respond within 30 calendar days after the notice was sent by the board; and
  - (5) that the licensee may voluntarily terminate the license by notifying the board or may apply for license renewal by sending the board a completed renewal application, license renewal and late fees, and evidence of compliance with continuing education requirements.
- (b) Failure by the licensee to notify the board of the licensee's intent to voluntarily terminate the license or to submit a license renewal application shall result in expiration of the license and termination of the right to practice. The expiration of the license and termination of the right to practice shall not be considered disciplinary action against the licensee.

(c) A license that has been expired under this subdivision may be reinstated.

**Sec. 18. [153B.50] NAME AND ADDRESS CHANGE.**

- (a) A licensee who has changed names must notify the board in writing within 90 days and request a revised license. The board may require official documentation of the legal name change.
- (b) A licensee must maintain with the board a correct mailing address to receive board communications and notices. A licensee who has changed addresses must notify the board in writing within 90 days. Mailing a notice by United States mail to a licensee's last known mailing address constitutes valid mailing.

**Sec. 19. [153B.55] INACTIVE STATUS.**

- (a) A licensee who notifies the board in the format required by the board may elect to place the licensee's credential on inactive status and shall be excused from payment of renewal fees until the licensee notifies the board in the format required by the board of the licensee's plan to return to practice.
- (b) A person requesting restoration from inactive status shall be required to pay the current renewal fee and comply with section 153B.45.

(c) A person whose license has been placed on inactive status shall not practice in this state.

**Sec. 20. [153B.60] LICENSE LAPSE DUE TO MILITARY SERVICE.**

A licensee whose license has expired while on active duty in the armed forces of the United States, with the National Guard while called into service or training, or while in training or education preliminary to induction into military service may have the licensee's license renewed or restored without paying a late fee or license restoration fee if the licensee provides verification to the board within two years of the termination of service obligation.

**Sec. 21. [153B.65] ENDORSEMENT.**

The board may license, without examination and on payment of the required fee, an applicant who is an orthotist, prosthetist, prosthetist orthotist, pedorthist, assistant, or fitter who is certified by the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or a national certification organization with educational, experiential, and testing standards equal to or higher than the licensing requirements in Minnesota.

**Sec. 22. [153B.70] GROUNDS FOR DISCIPLINARY ACTION.**

(a) The board may refuse to issue or renew a license, revoke or suspend a license, or place on probation or reprimand a licensee for one or any combination of the following:

(1) making a material misstatement in furnishing information to the board;  
(2) violating or intentionally disregarding the requirements of this chapter;  
(3) conviction of a crime, including a finding or verdict of guilt, an admission of guilt, or a no-contest plea, in this state or elsewhere, reasonably related to the practice of the profession. Conviction, as used in this clause, includes a conviction of an offense which, if committed in this state, would be deemed a felony, gross misdemeanor, or misdemeanor, without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned but the adjudication of guilt is either withheld or not entered;

(4) making a misrepresentation in order to obtain or renew a license;  
(5) displaying a pattern of practice or other behavior that demonstrates incapacity or incompetence to practice;  
(6) aiding or assisting another person in violating the provisions of this chapter;  
(7) failing to provide information within 60 days in response to a written request from the board, including documentation of completion of continuing education requirements;  
(8) engaging in dishonorable, unethical, or unprofessional conduct;  
(9) engaging in conduct of a character likely to deceive, defraud, or harm the public;  
(10) inability to practice due to habitual intoxication, addiction to drugs, or mental or physical illness;  
(11) being disciplined by another state or territory of the United States, the federal government, a national certification organization, or foreign nation, if at least one of the grounds for the discipline is the same or substantially equivalent to one of the grounds in this section;

(12) directly or indirectly giving to or receiving from a person, firm, corporation, partnership, or association a fee, commission, rebate, or other form of compensation for professional services not actually or personally rendered;

(13) incurring a finding by the board that the licensee, after the licensee has been placed on probationary status, has violated the conditions of the probation;

(14) abandoning a patient or client;

(15) willfully making or filing false records or reports in the course of the licensee's practice including, but not limited to, false records or reports filed with state or federal agencies;

(16) willfully failing to report child maltreatment as required under the Maltreatment of Minors Act, section 626.556; or

(17) soliciting professional services using false or misleading advertising.

(b) A license to practice is automatically suspended if (1) a guardian of a licensee is appointed by order of a court pursuant to sections 524.5-101 to 524.5-502, for reasons other than the minority of the licensee, or (2) the licensee is committed by order of a court pursuant to chapter 253B. The license remains suspended until the licensee is restored to capacity by a court and, upon petition by the licensee, the suspension is terminated by the board after a hearing. The licensee may be reinstated to practice, either with or without restrictions, by demonstrating clear and convincing evidence of rehabilitation. The regulated person is not required to prove rehabilitation if the subsequent court decision overturns previous court findings of public risk.

(c) If the board has probable cause to believe that a licensee or applicant has violated paragraph (a), clause (10), it may direct the person to submit to a mental or physical examination. For the purpose of this section, every person is deemed to have consented to submit to a mental or physical examination when directed in writing by the board and to have waived all objections to the admissibility of the examining physician's testimony or examination report on the grounds that the testimony or report constitutes a privileged communication. Failure of a regulated person to submit to an examination when directed constitutes an admission of the allegations against the person, unless the failure was due to circumstances beyond the person's control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A regulated person affected under this paragraph shall at reasonable intervals be given an opportunity to demonstrate that the person can resume the competent practice of the regulated profession with reasonable skill and safety to the public. In any proceeding under this paragraph, neither the record of proceedings nor the orders entered by the board shall be used against a regulated person in any other proceeding.

(d) In addition to ordering a physical or mental examination, the board may, notwithstanding section 13.384 or 144.293, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a licensee or applicant without the person's or applicant's consent if the board has probable cause to believe that a licensee is subject to paragraph (a), clause (10). The medical data may be requested from a provider as defined in section 144.291, subdivision 2, paragraph (i), an insurance company, or a government agency, including the Department of Human Services. A provider, insurance company, or government agency shall comply with any written request of the board under this section and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this section, unless the information is false and the provider giving the information knew, or had

reason to know, the information was false. Information obtained under this section is private data on individuals as defined in section 13.02.

(e) If the board issues an order of immediate suspension of a license, a hearing must be held within 30 days of the suspension and completed without delay.

**Sec. 23. [153B.75] INVESTIGATION; NOTICE AND HEARINGS.**

The board has the authority to investigate alleged violations of this chapter, conduct hearings, and impose corrective or disciplinary action as provided in section 214.103.

**Sec. 24. [153B.80] UNLICENSED PRACTICE.**

Subdivision 1. **License required.** Effective January 1, 2018, no individual shall practice as an orthotist, prosthetist, prosthetist orthotist, pedorthist, orthotic or prosthetic assistant, or orthotic fitter, unless the individual holds a valid license issued by the board under this chapter, except as permitted under section 153B.20 or 153B.35.

Subd. 2. **Designation.** No individual shall represent themselves to the public as a licensed orthotist, prosthetist, prosthetist orthotist, pedorthist, orthotic or prosthetic assistant, or an orthotic fitter, unless the individual is licensed under this chapter.

Subd. 3. **Penalties.** Any individual who violates this section is guilty of a misdemeanor. The board shall have the authority to seek a cease and desist order against any individual who is engaged in the unlicensed practice of a profession regulated by the board under this chapter.

**Sec. 25. [153B.85] FEES.**

Subdivision 1. **Fees.** (a) The application fee for initial licensure shall not exceed \$600.

(b) The biennial renewal fee for a license to practice as an orthotist, prosthetist, prosthetist orthotist, or pedorthist shall not exceed \$600.

(c) The biennial renewal fee for a license to practice as an assistant or a fitter shall not exceed \$300.

(d) The fee for license restoration shall not exceed \$600.

(e) The fee for license verification shall not exceed \$30.

(f) The fee to obtain a list of licensees shall not exceed \$25.

Subd. 2. **Proration of fees.** For the first renewal period following initial licensure, the renewal fee is the fee specified in subdivision 1, paragraph (b) or (c), prorated to the nearest dollar that is represented by the ratio of the number of days the license is held in the initial licensure period to 730 days.

Subd. 3. **Late fee.** The fee for late license renewal is the license renewal fee in effect at the time of renewal plus \$100.

Subd. 4. **Nonrefundable fees.** All fees are nonrefundable.

Subd. 5. **Deposit.** Fees collected by the board under this section shall be deposited in the state government special revenue fund.

Sec. 26. Minnesota Statutes 2014, section 214.075, subdivision 3, is amended to read:

Subd. 3. **Consent form; fees; fingerprints.** (a) In order to effectuate the federal and state level, fingerprint-based criminal background check, the applicant or licensee must submit a completed criminal history records check consent form and a full set of fingerprints to the respective health-related licensing board or a designee in the manner and form specified by the board.

(b) The applicant or licensee is responsible for all fees associated with preparation of the fingerprints, the criminal records check consent form, and the criminal background check. The fees for the criminal records background check shall be set by the BCA and the FBI and are not refundable. The fees shall be submitted to the respective health-related licensing board by the applicant or licensee as prescribed by the respective board.

(c) All fees received by the health-related licensing boards under this subdivision shall be deposited in a dedicated account accounts in the special revenue fund and are appropriated to the Board of Nursing Home Administrators for the administrative services unit health-related licensing boards to pay for the criminal background checks conducted by the Bureau of Criminal Apprehension and Federal Bureau of Investigation.

**Sec. 27. FIRST APPOINTMENTS, FIRST MEETING, AND FIRST CHAIR OF THE ORTHOTICS, PROSTHETICS, AND PEDORTHICS ADVISORY COUNCIL.**

The Board of Podiatric Medicine shall make its first appointments authorized under Minnesota Statutes, section 153B.25, to the Orthotics, Prosthetics, and Pedorthics Advisory Council, by September 1, 2016. The board shall designate four of its first appointees to serve terms that are coterminous with the governor. The chair of the Board of Podiatric Medicine or the chair's designee shall convene the first meeting of the council by November 1, 2016. The council must elect a chair from among its members at the first meeting of the council.

**Sec. 28. INITIAL APPOINTMENTS; FIRST MEETING; AND FIRST CHAIR OF THE LICENSED GENETIC COUNSELOR ADVISORY COUNCIL.**

The Board of Medical Practice shall make its first appointments authorized under Minnesota Statutes, section 147F.15, to the Licensed Genetic Counselor Advisory Council by December 1, 2016. The chair of the Board of Medical Practice or the chair's designee shall convene the first meeting of the council by March 1, 2017. The council must elect a chair from its members at the first meeting of the council.

## **ARTICLE 22**

### **HUMAN SERVICES FORECAST ADJUSTMENTS**

**Section 1. HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, chapter 71, article 13, from the general fund or any fund named to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016                    2017**

## **Sec. 2. COMMISSIONER OF HUMAN SERVICES**

**Subdivision 1. Total Appropriation** \$ **(615,912,000)** \$ **(518,891,000)**

## Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General Fund</u>	<u>(307,806,000)</u>	<u>(246,029,000)</u>
<u>Health Care Access Fund</u>	<u>(289,770,000)</u>	<u>(277,101,000)</u>
Federal TANF	(18,336,000)	4,239,000

## **Subd. 2. Forecasted Programs**

### (a) MFIP/DWP

## Appropriations by Fund

<u>General Fund</u>	<u>9,833,000</u>	<u>(8,799,000)</u>
<u>Federal TANF</u>	<u>(20,225,000)</u>	<u>4,212,000</u>

**(b) MFIP Child Care Assistance**

(23,094,000) (7,760,000)

**(c) General Assistance**

(2,120,000) (1,078,000)

**(d) Minnesota Supplemental Aid**

(1,613,000) (1,650,000)

**(e) Group Residential Housing**

(8,101,000) (7,954,000)

**(f) Northstar Care for Children**

2,231,000 4,496,000

(g) MinnesotaCare

(227,821,000) (230,027,000)

These appropriations are from the health care access fund.

**(h) Medical Assistance**

## Appropriations by Fund

General Fund (294,773,000) (243,700,000)

106TH DAY]

SUNDAY, MAY 22, 2016

8007

<u>Health Care Access Fund</u>	<u>(61,949,000)</u>	<u>(47,074,000)</u>	<u>-0-</u>	<u>-0-</u>
<u>(i) Alternative Care Program</u>				
<u>(j) CCDF Entitlements</u>		<u>9,831,000</u>		<u>20,416,000</u>

Subd. 3. Technical Activities

<u>Subd. 3. Technical Activities</u>	<u>1,889,000</u>	<u>27,000</u>
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These appropriations are from the federal TANF fund.

### Sec. 3. EFFECTIVE DATE.

Sections 1 and 2 are effective the day following final enactment.

## ARTICLE 23

### HEALTH AND HUMAN SERVICES APPROPRIATIONS

#### Section 1. HEALTH AND HUMAN SERVICES APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, chapter 71, article 14, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment unless a different effective date is explicit.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

#### Sec. 2. COMMISSIONER OF HUMAN SERVICES

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>6,851,000</u>	<u>\$</u>	<u>74,660,000</u>
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<u>Appropriations by Fund</u>			
	<u>2016</u>	<u>2017</u>	
<u>General</u>	<u>6,851,000</u>	<u>73,923,000</u>	
<u>Health Care Access</u>	<u>-0-</u>	<u>737,000</u>	

#### Subd. 2. Central Office Operations

**(a) Operations**

<u>Appropriations by Fund</u>		
General	<u>-0-</u>	<u>558,000</u>
Health Care Access	<u>-0-</u>	<u>427,000</u>

**Base Adjustment.** The general fund base is decreased by \$482,000 in fiscal year 2018 and \$484,000 in fiscal year 2019. The health care access fund base is decreased by \$376,000 in fiscal year 2018 and \$376,000 in fiscal year 2019.

<b><u>(b) Children and Families</u></b>	<u>-0-</u>	<u>132,000</u>
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**Base Adjustment.** The general fund base is decreased by \$132,000 in fiscal years 2018 and 2019.

<b><u>(c) Health Care</u></b>	<u>-0-</u>	<u>374,000</u>
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**Base Adjustment.** The general fund base is decreased by \$43,000 in fiscal year 2018 and \$43,000 in fiscal year 2019.

<b><u>(d) Continuing Care</u></b>	<u>-0-</u>	<u>1,000</u>
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**Base Adjustment.** The general fund base is increased by \$1,000 in fiscal year 2018 and increased by \$3,000 in fiscal year 2019.

<b><u>(e) Community Supports</u></b>	<u>-0-</u>	<u>74,000</u>
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**Base Adjustment.** The general fund base is increased by \$469,000 in fiscal year 2018 and \$429,000 in fiscal year 2019.

**Subd. 3. Forecasted Programs**

<b><u>(a) Northstar Care for Children</u></b>	<u>-0-</u>	<u>-0-</u>
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**Base Adjustment.** The general fund base is increased by \$8,802,000 in fiscal year 2018 and increased by \$10,927,000 in fiscal year 2019.

<b><u>(b) MinnesotaCare</u></b>	<u>-0-</u>	<u>33,000</u>
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This appropriation is from the health care access fund.

**(c) Medical Assistance**

<u>Appropriations by Fund</u>		
General	<u>-0-</u>	<u>5,092,000</u>
Health Care Access	<u>-0-</u>	<u>277,000</u>

**(d) Consolidated Chemical Dependency Treatment Fund**

-0- 2,104,000

**CCDTF Transfer.** Notwithstanding Minnesota Statutes, section 254B.06, subdivision 1, in fiscal year 2017, the commissioner shall transfer \$2,000,000 from the consolidated chemical dependency treatment fund administrative account in the special revenue fund to the general fund. This is a onetime transfer.

**Subd. 4. Grant Programs**

**(a) Children's Services Grants** -0- 800,000

**American Indian Child Welfare Initiative.** \$800,000 in fiscal year 2017 is for planning efforts to expand the American Indian Child Welfare Initiative authorized under Minnesota Statutes, section 256.01, subdivision 14b. Of this appropriation, \$400,000 is for grants to the Mille Lacs Band of Ojibwe and \$400,000 is for grants to the Red Lake Nation. This is a onetime appropriation.

**Base Adjustment.** The general fund base is decreased by \$800,000 in fiscal year 2018 and \$800,000 in fiscal year 2019.

**(b) Child and Community Service Grants** -0- 1,900,000

**White Earth Band of Ojibwe Human Services Initiative Project.** \$1,400,000 in fiscal year 2017 is for a grant to the White Earth Band of Ojibwe for the direct implementation and administrative costs of the White Earth Human Services Initiative

Project authorized under Laws 2011, First Special Session chapter 9, article 9, section 18.

**Red Lake Nation Human Services Initiative Project.** \$500,000 in fiscal year 2017 is for a grant to the Red Lake Nation for the direct implementation and administrative costs of the Red Lake Human Services Initiative Project authorized under Minnesota Statutes, section 256.01, subdivision 2, paragraph (a), clause (7).

**(c) Child and Economic Support Grants**

-0- 66,000

**Safe Harbor for Sexually Exploited Youth.** \$33,000 in fiscal year 2017 is for emergency shelter and transitional and long-term housing beds for sexually exploited youth and youth at risk of sexual exploitation, and for statewide youth outreach workers to connect sexually exploited youth with shelter and services. The base for this appropriation is \$750,000 in fiscal year 2018 and \$750,000 in fiscal year 2019. The commissioner shall not use any portion of this appropriation nor of the base amounts in fiscal year 2018 and fiscal year 2019 for administrative costs.

**Base Level Adjustment.** The general fund base is increased by \$2,134,000 in fiscal year 2018 and \$2,134,000 in fiscal year 2019.

**(d) Adult Mental Health Grants**

-0- 200,000

**Adult Mental Illness Crisis Housing Assistance Program.** The general fund appropriation for the adult mental illness crisis housing assistance program is decreased by \$300,000 in fiscal year 2017. The general fund appropriation is increased by \$300,000 in fiscal year 2017 for expanding eligibility to include persons with serious mental illness under Minnesota Statutes, section 245.99, subdivision 2.

**Integrated Behavioral Health Care Coordination Demonstration Project.** \$200,000 in fiscal year 2017 is for a grant

to the Zumbro Valley Health Center. The grant shall be used to continue a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes to the commissioner of human services by December 1, 2018. This is a onetime appropriation and is available until June 30, 2018.

**Base Adjustment.** The general fund base is decreased by \$200,000 in fiscal year 2018 and is decreased by \$200,000 in fiscal year 2019.

**(e) Child Mental Health Grants**

-0-      33,000

**School-Linked Mental Health Grants.** \$33,000 in fiscal year 2017 is for children's mental health grants under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (8), for current grantees to expand services to school buildings, school districts, or counties that do not have school-linked mental health available, and to provide training to grantees on the use of evidence-based practices. The general fund base for this appropriation is \$1,450,000 in fiscal year 2018 and \$1,450,000 in fiscal year 2019. The amount in fiscal year 2019 shall be awarded through a competitive process open to all eligible grantees as part of a new grant cycle. This appropriation does not include additional administrative money.

**Base Adjustment.** The general fund base is increased by \$1,417,000 in fiscal years 2018 and 2019.

**(f) Chemical Dependency Treatment Support Grants**

-0-      34,000

**Peer Specialists.** \$34,000 in fiscal year 2017 from the general fund is for grants to recovery community organizations to train, hire, and supervise peer specialists to work with underserved populations as part of the continuum of care for substance use disorders. Recovery community organizations located in Rochester,

Moorhead, and the Twin Cities metropolitan area are eligible to receive grant funds. The general fund base for this appropriation is \$725,000 in fiscal year 2018 and \$725,000 in fiscal year 2019.

**Base Adjustment.** The general fund base is increased by \$691,000 in fiscal years 2018 and 2019.

**Subd. 5. DCT State-Operated Services**

**Allocation of Funds.** The commissioner may allocate the appropriations in this subdivision to ensure a safe environment at the Minnesota Security Hospital and other hospitals in direct care and treatment state-operated services. Any reallocation of the appropriations under this subdivision must be reported in the report required under Minnesota Statutes, section 256.01, subdivision 41.

<b>(a) DCT State-Operated Services Mental Health</b>	<u>1,256,000</u>	<u>33,830,000</u>
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**Restore Funds Transferred to Minnesota State-Operated Community Services.** \$14,000,000 in fiscal year 2017 is to restore funds transferred to the enterprise fund for state-operated community services in fiscal year 2016. This is a onetime appropriation.

**Community Behavioral Health Hospitals Full Capacity Staffing.** \$19,678,000 in fiscal year 2017 is to increase staffing to a level sufficient to operate the community behavioral health hospitals at full licensed capacity. The base for this appropriation is \$25,879,000 in fiscal year 2018 and \$25,879,000 in fiscal year 2019.

**Anoka-Metro Regional Treatment Center Nursing Float Pool.** \$788,000 in fiscal year 2017 is for a nursing float pool for weekend coverage at the Anoka-Metro Regional Treatment Center. The base for this appropriation is \$1,526,000 in fiscal year 2018 and \$1,526,000 in fiscal year 2019.

**Anoka-Metro Regional Treatment Center Increased Clinical Oversight.** \$336,000

in fiscal year 2017 is for increased clinical oversight at the Anoka-Metro Regional Treatment Center. The base for this appropriation is \$632,000 in fiscal year 2018 and \$632,000 in fiscal year 2019.

**Base Adjustment.** The general fund base is decreased by \$7,149,000 in fiscal year 2018 and \$7,149,000 in fiscal year 2019.

**(b) DCT State-Operated Services Enterprise Services**

-0-

14,000,000

**State-Operated Community Services.** \$14,000,000 in fiscal year 2017 is for the Minnesota state-operated community services program. This is a onetime appropriation. The commissioner must transfer \$14,000,000 in fiscal year 2017 to the enterprise fund for Minnesota state-operated community services. This is a onetime transfer.

**Base Adjustment.** The general fund base is decreased by \$14,000,000 in fiscal year 2018 and \$14,000,000 in fiscal year 2019.

**(c) DCT State-Operated Services Minnesota Security Hospital**

2,200,000

10,056,000

**Competency Restoration Program.** \$6,754,000 in fiscal year 2017 is for the development of a new residential competency restoration program to be operated by state-operated forensic services. The commissioner shall use this appropriation to make available 20 hospital beds at Anoka Metro Regional Treatment Center and 12 secure beds at the Minnesota Security Hospital. The base for this appropriation is \$8,423,000 in fiscal year 2018 and \$8,423,000 in fiscal year 2019.

**Base Adjustment.** The general fund base is increased by \$2,490,000 in fiscal year 2018 and \$2,490,000 in fiscal year 2019.

**Subd. 6. DCT Minnesota Sex Offender Program**

3,395,000

4,669,000

**Base Adjustment.** The general fund base is increased by \$788,000 in fiscal year 2018 and \$788,000 in fiscal year 2019.

Sec. 3. **COMMISSIONER OF HEALTH**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>-0- \$ 2,214,000</u>
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<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>-0-</u>	<u>33,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>146,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>2,035,000</u>

The appropriations for each purpose are shown in the following subdivisions.

Subd. 2. Health Improvement

<u>Appropriations by Fund</u>		
<u>General</u>	<u>-0-</u>	<u>33,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>2,035,000</u>

**Safe Harbor for Sexually Exploited Youth.** \$33,000 in fiscal year 2017 is from the general fund for trauma-informed, culturally specific services for exploited youth. The base for this appropriation is \$750,000 in fiscal year 2018 and \$750,000 in fiscal year 2019. Neither the appropriation in fiscal year 2017 nor the base amounts in fiscal years 2018 and 2019 may be used for administration.

**Greater Minnesota Family Medicine Residency.** \$1,035,000 in fiscal year 2017 is from the health care access fund for the greater Minnesota family medicine residency grant program under Minnesota Statutes, section 144.1912. The commissioner may use up to \$35,000 for administration.

**Medical Education.** \$1,000,000 in fiscal year 2017 from the health care access fund is for the medical education program under Minnesota Statutes, section 62J.692.

**Base Adjustments.** The general fund base is increased by \$717,000 in fiscal year 2018 and \$717,000 in fiscal year 2019.

Subd. 3. <b>Health Protection</b>	-0-	<u>146,000</u>
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This appropriation is from the state government special revenue fund.

**Base Adjustment.** The state government special revenue fund base is decreased by \$219,000 in fiscal year 2018 and \$156,000 in fiscal year 2019.

#### Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. <b>Total Appropriation</b>	\$	<u>195,000</u> \$	<u>352,000</u>
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This appropriation is from the state government special revenue fund.

Subd. 2. <b>Board of Dentistry</b>	(850,000)	<u>(864,000)</u>
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Subd. 3. <b>Board of Marriage and Family Therapy</b>	40,000	<u>50,000</u>
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Subd. 4. <b>Board of Medical Practice</b>	-0-	<u>22,000</u>
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**Genetic Counselor Licensing.** \$22,000 in fiscal year 2017 is from the state government special revenue fund for genetic counselor licensure activities under Minnesota Statutes, chapter 147F.

Subd. 5. <b>Board of Pharmacy</b>	115,000	<u>145,000</u>
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Subd. 6. <b>Board of Physical Therapy</b>	890,000	<u>924,000</u>
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**Health Professional Services Program.** Of this appropriation, \$850,000 in fiscal year 2016 and \$864,000 in fiscal year 2017 are from the state government special revenue fund for the health professional services program.

Subd. 7. <b>Board of Podiatric Medicine</b>	-0-	<u>75,000</u>
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**Orthotist, Prosthetist, and Pedorthist Licensing.** \$75,000 in fiscal year 2017 is from the state government special revenue fund for licensure activities under the Minnesota Orthotists, Prosthetist, and Pedorthist Practice

Act, Minnesota Statutes, chapter 153B. The base for this appropriation is \$112,000 in fiscal year 2018 and \$112,000 in fiscal year 2019.

**Base Adjustment.** The state government special revenue fund base is increased by \$37,000 in fiscal year 2018 and \$37,000 in fiscal year 2019.

**Sec. 5. OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES**

	\$	<u>-0-</u>	\$	<u>250,000</u>
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**Sec. 6. DEPARTMENT OF COMMERCE**

	\$	<u>(210,000)</u>	\$	<u>(213,000)</u>
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Sec. 7. Laws 2015, chapter 71, article 14, section 4, subdivision 3, is amended to read:

<b>Subd. 3. Board of Dentistry</b>	2,192,000	2,206,000
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This appropriation includes \$864,000 in fiscal year 2016 and \$878,000 in fiscal year 2017 for the health professional services program.

**Sec. 8. DIRECTION TO COMMISSIONER OF MANAGEMENT AND BUDGET.**

In making determinations under Minnesota Statutes, section 295.52, subdivision 8, the commissioner of management and budget in fiscal year 2017 only shall not include \$74,000,000 of the transfer under Minnesota Statutes, section 16A.724, subdivision 2, paragraph (a), as an expenditure or transfer of the health care access fund in determining the ratio of revenues to expenditures and transfers when making any determination of tax rate reductions under that subdivision.

**Sec. 9. EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2017, unless a different expiration date is explicit.

**Sec. 10. EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 24**

**TEACHERS**

Section 1. Minnesota Statutes 2014, section 122A.09, as amended by Laws 2015, chapter 69, article 2, section 3, and Laws 2015, First Special Session chapter 3, article 2, sections 9 to 11, is amended to read:

**122A.09 DUTIES.**

**Subdivision 1. Code of ethics.** The Board of Teaching must develop by rule a code of ethics covering standards of professional teaching practices, including areas of ethical conduct and professional performance and methods of enforcement.

**Subd. 2. Advise members of profession.** The board must act in an advisory capacity to members of the profession in matters of interpretation of the code of ethics.

**Subd. 3. Election of chair and officers.** The board shall elect a chair and such other officers as it may deem necessary.

**Subd. 4. License and rules.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must require all candidates for teacher licensure to demonstrate a passing score on a board-adopted skills examination in reading, writing, and mathematics, as a requirement for an initial teacher licensure professional five-year teaching license, except that the board may issue up to four temporary, initial professional one-year teaching licenses to an otherwise qualified candidate who has not yet passed the board-adopted skills exam. The board must require colleges and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the board-adopted skills examination, including those for whom English is a second language. The requirement to pass a board-adopted reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1. The Board of Teaching and the entity administering the content, pedagogy, and skills examinations must allow any individual who produces documentation of a disability in the form of an evaluation, 504 plan, or individual education program (IEP) to receive the same testing accommodations on the content, pedagogy, and skills examinations that the applicant received during their secondary or postsecondary education.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. Among other components, teacher preparation programs may use the Minnesota State Colleges and Universities program model to provide a school-year-long student teaching program that combines clinical opportunities with academic coursework and in-depth student teaching experiences to offer students ongoing mentorship, coaching, and assessment, help to prepare a professional development plan, and structured learning experiences. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for

instruction and assessment; engaging students and supporting learning; and assessing student learning. The board's redesign rules must include creating flexible, specialized teaching licenses, credentials, and other endorsement forms to increase students' participation in language immersion programs, world language instruction, career development opportunities, work-based learning, early college courses and careers, career and technical programs, Montessori schools, and project and place-based learning, among other career and college ready learning offerings.

(e) The board must adopt rules requiring candidates for initial professional five-year teaching licenses to pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial professional five-year teaching licenses based on appropriate professional competencies that are aligned with the board's licensing system and students' diverse learning needs. All teacher candidates must have preparation in English language development and content instruction for English learners in order to be able to effectively instruct the English learners in their classrooms. The board must include these licenses in a statewide differentiated licensing system that creates new leadership roles for successful experienced teachers premised on a collaborative professional culture dedicated to meeting students' diverse learning needs in the 21st century, recognizes the importance of cultural and linguistic competencies, including the ability to teach and communicate in culturally competent and aware ways, and formalizes mentoring and induction for newly licensed teachers provided through a teacher support framework.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses. The board must require a licensed teacher who are is renewing a continuing license professional five-year teaching license to include in the renewal requirements further preparation in English language development and specially designed content instruction in English for English learners.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license professional five-year teaching licenses to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating,

modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license professional five-year teaching licenses to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license professional five-year teaching licenses to include in their renewal requirements at least one hour of suicide prevention best practices in each licensure renewal period that are based on nationally recognized evidence-based programs and practices, among the continuing education credits required to renew a license under this paragraph, and further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

(o) The board must adopt rules by January 1, 2016, to license applicants under sections 122A.23 and 122A.245. The rules must permit applicants to demonstrate their qualifications through the board's recognition of a teaching license from another state in a similar content field, completion of a state-approved teacher preparation program, teaching experience as the teacher of record in a similar licensure field, depth of content knowledge, depth of content methods or general pedagogy, subject-specific professional development and contribution to the field, or classroom performance as determined by documented student growth on normed assessments or documented effectiveness on evaluations. The rules must adopt criteria for determining a "similar content field" and "similar licensure area."

**Subd. 4a. Teacher and administrator preparation and performance data; report.** (a) The Board of Teaching and the Board of School Administrators, in cooperation with the Minnesota Association of Colleges of Teacher Education and Minnesota colleges and universities offering board-adopted teacher or administrator preparation programs, annually must collect and report summary data on teacher and administrator preparation and performance outcomes, consistent with this subdivision. The Board of Teaching and the Board of School Administrators annually by June 1 must update and post the reported summary preparation and performance data on teachers and administrators from the preceding school years on a Web site hosted jointly by the boards.

(b) Publicly reported summary data on teacher preparation programs must include: student entrance requirements for each Board of Teaching-approved program, including grade point average for enrolling students in the preceding year; the average board-adopted skills examination or ACT or SAT scores of students entering the program in the preceding year; summary data on

faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten through grade 12 classroom teachers or school administrators; the average time resident and nonresident program graduates in the preceding year needed to complete the program; the current number and percent of students by program who graduated, received a standard Minnesota teaching license, and were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year; the number of content area credits and other credits by undergraduate program that students in the preceding school year needed to complete to graduate; students' pass rates on skills and subject matter exams required for graduation in each program and licensure area in the preceding school year; survey results measuring student and graduate satisfaction with the program in the preceding school year; a standard measure of the satisfaction of school principals or supervising teachers with the student teachers assigned to a school or supervising teacher; and information under paragraphs (d) and (e). Program reporting must be consistent with subdivision 11.

(c) Publicly reported summary data on administrator preparation programs approved by the Board of School Administrators must include: summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten through grade 12 classroom teachers or school administrators; the average time program graduates in the preceding year needed to complete the program; the current number and percent of students who graduated, received a standard Minnesota administrator license, and were employed as an administrator in a Minnesota school district or school in the preceding year; the number of credits by graduate program that students in the preceding school year needed to complete to graduate; survey results measuring student, graduate, and employer satisfaction with the program in the preceding school year; and information under paragraphs (f) and (g). Program reporting must be consistent with section 122A.14, subdivision 10.

(d) School districts annually by October 1 must report to the Board of Teaching the following information for all teachers who finished the probationary period and accepted a continuing contract position with the district from September 1 of the previous year through August 31 of the current year: the effectiveness category or rating of the teacher on the summative evaluation under section 122A.40, subdivision 8, or 122A.41, subdivision 5; the licensure area in which the teacher primarily taught during the three-year evaluation cycle; and the teacher preparation program preparing the teacher in the teacher's primary areas of instruction and licensure.

(e) School districts annually by October 1 must report to the Board of Teaching the following information for all probationary teachers in the district who were released or whose contracts were not renewed from September 1 of the previous year through August 31 of the current year: the licensure areas in which the probationary teacher taught; and the teacher preparation program preparing the teacher in the teacher's primary areas of instruction and licensure.

(f) School districts annually by October 1 must report to the Board of School Administrators the following information for all school principals and assistant principals who finished the probationary period and accepted a continuing contract position with the district from September 1 of the previous year through August 31 of the current year: the effectiveness category or rating of the principal or assistant principal on the summative evaluation under section 123B.147, subdivision 3; and the principal preparation program providing instruction to the principal or assistant principal.

(g) School districts annually by October 1 must report to the Board of School Administrators all probationary school principals and assistant principals in the district who were released or whose

contracts were not renewed from September 1 of the previous year through August 31 of the current year.

**Subd. 5. Commissioner's representative to comment on proposed rule.** Prior to the adoption by Before the Board of Teaching of adopts any rule which that must be submitted to public hearing, a representative of the commissioner shall appear before the Board of Teaching and at the hearing required pursuant to under section 14.14, subdivision 1, to comment on the cost and educational implications of that proposed rule.

**Subd. 6. Register of persons licensed.** The executive secretary of the Board of Teaching shall keep a record of the proceedings of and a register of all persons licensed pursuant to the provisions of this chapter. The register must show the name, address, license number and the renewal of the license. The board must on July 1, of each year or as soon thereafter as is practicable, compile a list of such duly licensed teachers and transmit a copy of the list to the board. A copy of the register must be available during business hours at the office of the board to any interested person.

**Subd. 7. Commissioner's assistance; board money.** The commissioner shall provide all necessary materials and assistance for the transaction of the business of the Board of Teaching and all moneys received by the Board of Teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 122A.01, 122A.05 to 122A.09, 122A.15, 122A.16, 122A.17, 122A.18, 122A.20, 122A.21, 122A.22, 122A.23, 122A.26, 122A.30, 122A.40, 122A.41, 122A.42, 122A.45, 122A.49, 122A.54, 122A.55, 122A.56, 122A.57, and 122A.58 which are incurred by the Board of Teaching shall be paid for from appropriations made to the Board of Teaching.

**Subd. 8. Fraud; gross misdemeanor.** A person who claims to be a licensed teacher without a valid existing license issued by the board or any person who employs fraud or deception in applying for or securing a license is guilty of a gross misdemeanor.

**Subd. 9. Board may adopt rules.** The Board of Teaching may adopt rules subject to the provisions of chapter 14 to implement sections 122A.05 to 122A.09, 122A.16, 122A.17, 122A.18, 122A.20, 122A.21, and 122A.23.

**Subd. 10. Variances Permissions.** (a) Notwithstanding subdivision 9 and section 14.05, subdivision 4 14.055, the Board of Teaching may grant a variance waivers to its rules upon application by a school district or a charter school for purposes of implementing experimental programs in learning or management.

(b) To enable a school district or a charter school to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the Board of Teaching annually may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

(c) A special education license variance permission issued by the Board of Teaching for a primary employer's low-incidence region shall be is valid in all low-incidence regions.

(d) The Board of Teaching may issue a one-year professional license under paragraph (a), which the board may renew two times, to allow a person holding a full credential from the American Montessori Society, a diploma from Association Montessori Internationale, or a certificate of

completion from a program accredited by the Montessori Accreditation Council for Teacher Education to teach in a Montessori program operated by a school district or charter school.

(e) The Board of Teaching may grant a one-year waiver, renewable two times, to allow individuals who hold a bachelor's degree from an accredited postsecondary institution, demonstrate occupational competency based on at least three years of full-time work experience in business or industry, and enroll and make satisfactory progress in an alternative preparation program leading to certification as a career and technical education instructor to teach career and technical education courses offered by a school district or charter school. Consistent with this paragraph and section 136F.361, the Board of Teaching must strongly encourage teacher preparation programs and institutions throughout Minnesota to develop alternative pathways for certifying and licensing high school career and technical education instructors and teachers, allowing such candidates to meet certification and licensure standards that demonstrate their content knowledge, classroom experience, and pedagogical practices and their qualifications based on a combination of occupational testing, professional certification or licensure, and long-standing work experience.

Subd. 11. **Teacher preparation program reporting.** By December 31, 2018, and annually thereafter, the Board of Teaching shall report and publish on its Web site the cumulative summary results of at least three consecutive years of data reported to the board under subdivision 4a, paragraph (b). Where the data are sufficient to yield statistically reliable information and the results would not reveal personally identifiable information about an individual teacher, the board shall report the data by teacher preparation program.

**EFFECTIVE DATE.** Subdivision 4, paragraph (n), is effective the day following final enactment and applies to teachers renewing their teaching licenses beginning August 1, 2017. Subdivision 10, paragraphs (d) and (e) are effective for the 2016-2017 through 2018-2019 school years.

Sec. 2. Minnesota Statutes 2014, section 122A.16, is amended to read:

**122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher is one who holds a valid license under this chapter, including under section 122A.245, among other sections and is determined by local administrators as having highly qualified status according to the approved Minnesota highly qualified plan. Teachers delivering core content instruction must be deemed highly qualified at the local level and reported to the state via the staff automated reporting system.

Sec. 3. Minnesota Statutes 2014, section 122A.18, as amended by Laws 2015, First Special Session chapter 3, article 2, sections 14 and 15, is amended to read:

**122A.18 BOARD TO ISSUE LICENSES.**

**Subdivision 1. Authority to license.** (a) The Board of Teaching must license teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel, as defined in section 122A.15, subdivision 2.

(b) The Board of School Administrators must license supervisory personnel as defined in section 122A.15, subdivision 2, except for athletic coaches.

(c) Licenses under the jurisdiction of the Board of Teaching, the Board of School Administrators, and the commissioner of education must be issued through the licensing section of the department.

(d) The Board of Teaching and the Department of Education must enter into a data sharing agreement to share educational data at the E-12 level for the limited purpose of program approval and improvement for teacher education programs. The program approval process must include targeted redesign of teacher preparation programs to address identified E-12 student areas of concern.

(e) The Board of School Administrators and the Department of Education must enter into a data sharing agreement to share educational data at the E-12 level for the limited purpose of program approval and improvement for education administration programs. The program approval process must include targeted redesign of education administration preparation programs to address identified E-12 student areas of concern.

(f) For purposes of the data sharing agreements under paragraphs (d) and (e), the Board of Teaching, Board of School Administrators, and Department of Education may share private data, as defined in section 13.02, subdivision 12, on teachers and school administrators. The data sharing agreements must not include educational data, as defined in section 13.32, subdivision 1, but may include summary data, as defined in section 13.02, subdivision 19, derived from educational data.

**Subd. 2. Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions, including those meeting the standards adopted under section 122A.09, subdivision 4, paragraph ~~(e)~~ (n).

(b) The board must require a candidate for teacher licensure to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics, before being granted ~~an initial~~ a professional five-year teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to four temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed a board-adopted skills exam. At the request of the employing school district or charter school, the Board of Teaching may issue ~~a restricted~~ an initial professional one-year teaching license to an otherwise qualified teacher not passing or demonstrating a passing score on a board-adopted skills examination in reading, writing, and mathematics. For purposes of this section, the ~~restricted~~ initial professional one-year teaching license issued by the board is limited to the current subject or content matter the teacher is employed to teach and limited to the district or charter school requesting the ~~restricted~~ initial professional one-year teaching license. If the board denies the request, it must provide a detailed response to the school administrator as to the reasons for the denial. The board must require colleges and universities offering a board approved teacher preparation program to make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on a board-adopted skills examination, including those for whom English is a second language. The colleges and universities must make available assistance in the specific academic areas of candidates' deficiency. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on a board-adopted skills examination, and who received ~~a temporary~~ an initial professional

one-year teaching license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking a board-adopted skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, and the candidates who have not passed a content or pedagogy exam, disaggregated by categories of race, ethnicity, and eligibility for financial aid.

(c) The Board of Teaching must grant continuing professional five-year teaching licenses only to those persons who have met board criteria for granting a continuing that license, which includes passing a board-adopted skills examination in reading, writing, and mathematics, and the exceptions in section 122A.09, subdivision 4, paragraph (b), that are consistent with this paragraph. The requirement to pass a board-adopted reading, writing, and mathematics skills examination, does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a professional five-year teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.

(d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. Among other requirements, teacher candidates must demonstrate the knowledge and skills needed to provide appropriate instruction to English learners to support and accelerate their academic literacy, including oral academic language, and achievement in content areas in a regular classroom setting. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

Subd. 2a. **Reading strategies.** (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. These colleges and universities also must prepare early childhood and elementary teacher candidates for initial professional five-year teaching licenses to teach prekindergarten or elementary students for the assessment of reading instruction portion of the examination of licensure-specific teaching skills under section 122A.09, subdivision 4, paragraph (e), covering assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of in applying comprehensive, scientifically based, and balanced reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

(c) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

Subd. 2b. **Reading specialist.** Not later than July 1, 2002, the Board of Teaching must adopt rules providing for the reading teacher licensure of teachers of reading.

Subd. 3. **Supervisory and coach qualifications; code of ethics.** The commissioner of education must issue licenses under its jurisdiction to persons the commissioner finds to be qualified and competent for their respective positions under the rules it adopts. The commissioner of education may develop, by rule, a code of ethics for supervisory personnel covering standards of professional practices, including areas of ethical conduct and professional performance and methods of enforcement.

Subd. 3a. **Technology strategies.** All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs the knowledge and skills teacher candidates need to deliver digital and blended learning and curriculum and engage students with technology.

Subd. 4. **Expiration and renewal.** (a) Each license the Department of Education issues through its licensing section must bear the date of issue and the name of the state-approved teacher training provider. Licenses must expire and be renewed according to the respective rules the Board of Teaching, the Board of School Administrators, or the commissioner of education adopts. Requirements for renewing a license must include showing satisfactory evidence of successful teaching or administrative experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completing such additional preparation as the Board of Teaching prescribes. The Board of School Administrators shall establish requirements for renewing the licenses of supervisory personnel except athletic coaches. The State Board of Teaching shall establish requirements for renewing the licenses of athletic coaches.

(b) Relicensure Applicants for license renewal who have been employed as a teacher during the renewal period of their expiring license, as a condition of relicense license renewal, must present to their local continuing education and re licensure committee or other local re licensure committee evidence of work that demonstrates professional reflection and growth in best teaching practices, including among other things, practices in meeting the varied needs of English learners, from young children to adults under section 124D.59, subdivisions 2 and 2a. The applicant must include a reflective statement of professional accomplishment and the applicant's own assessment of professional growth showing evidence of:

(1) support for student learning;

(2) use of best practices techniques and their applications to student learning;

(3) collaborative work with colleagues that includes examples of collegiality such as attested-to committee work, collaborative staff development programs, and professional learning community work; or

(4) continual professional development that may include (i) job-embedded or other ongoing formal professional learning or (ii) for teachers employed for only part of the renewal period of

their expiring license, other similar professional development efforts made during the relicensure period.

The Board of Teaching must ensure that its teacher relicensing requirements also include this paragraph.

(c) The Board of Teaching shall offer alternative continuing licensure options for license renewal for teachers who are accepted into and complete the National Board for Professional Teaching Standards certification process, and offer additional continuing licensure options for teachers who earn National Board for Professional Teaching Standards certification. Continuing licensure requirements for teachers who do not maintain National Board for Professional Teaching Standards certification are those the board prescribes, consistent with this section.

Subd. 4a. **Limited provisional licenses.** The board may grant two-year provisional licenses to licensure candidates in a field in which they were not previously licensed or in a field in which a shortage of licensed teachers exists. A shortage is defined as an inadequate supply of licensed personnel in a given licensure area as determined by the commissioner.

Subd. 5. **Effective date.** Nothing contained herein shall be construed as affecting the validity of a permanent certificate or license issued prior to July 1, 1969.

Subd. 6. **Human relations.** The Board of Teaching and the commissioner of education shall accept training programs completed through Peace Corps, VISTA, or Teacher Corps in lieu of completion of completing the human relations component of the training program for purposes of issuing or renewing a teaching license in education.

Subd. 7. **Limited provisional licenses.** The Board of Teaching may grant provisional licenses, which shall be valid for two years, in fields in which licenses were not issued previously or in fields in which a shortage of licensed teachers exists. A shortage is defined as a lack of or an inadequate supply of licensed personnel within a given licensure area in a school district that has notified the Board of Teaching of the shortage and has applied to the Board of Teaching for provisional licenses for that district's licensed staff.

Subd. 7a. **Permission to substitute teach.** (a) The Board of Teaching may allow a person who is enrolled in and making satisfactory progress in a board-approved teacher program and who has successfully completed student teaching to be employed as a short-call substitute teacher.

(b) The Board of Teaching may issue a lifetime qualified short-call substitute teaching license to a person who:

(1) was a qualified teacher under section 122A.16 while holding a continuing professional five-year teaching license issued by the board, and receives a retirement annuity from the Teachers Retirement Association or the St. Paul Teachers Retirement Fund Association;

(2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or

(3) held a continuing professional five-year teaching license issued by the board, taught at least three school years in an accredited nonpublic school in Minnesota, and receives a retirement annuity as a result of the person's teaching experience.

A person holding a lifetime qualified short-call substitute teaching license is not required to complete continuing education clock hours. A person holding this license may reapply to the board for a continuing professional five-year teaching license and must again complete continuing education clock hours one school year after receiving the continuing professional five-year teaching license.

**Subd. 7b. Temporary limited licenses; personnel variances.** (a) The Board of Teaching must accept applications for a temporary limited teaching license beginning July 1 of the school year for which the license is requested and must issue or deny the temporary limited teaching license within 30 days of receiving the complete application.

(b) The Board of Teaching must accept applications for a personnel variance beginning July 1 of the school year for which the variance is requested and must issue or deny the personnel variance within 30 days of receiving the complete application.

**Subd. 7c. Temporary military license.** The Board of Teaching shall establish a temporary license in accordance with section 197.4552 for teaching. The fee for a temporary license under this subdivision shall be \$87.90 for an online application or \$86.40 for a paper application.

**Subd. 8. Background checks.** (a) The Board of Teaching and the commissioner of education must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all first-time teaching applicants for initial licenses under their jurisdiction. An application for a license under this section must be accompanied by Applicants must include with their licensure applications:

- (1) an executed criminal history consent form, including fingerprints; and
- (2) a money order or cashier's check payable to the Bureau of Criminal Apprehension for the fee for conducting the criminal history background check.

(b) The superintendent of the Bureau of Criminal Apprehension shall perform the background check required under paragraph (a) by retrieving criminal history data as defined in section 13.87 and shall also conduct a search of the national criminal records repository. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

(c) The Board of Teaching or the commissioner of education may issue a license pending completion of a background check under this subdivision, but must notify the individual that the individual's license may be revoked based on the result of the background check.

Sec. 4. Minnesota Statutes 2015 Supplement, section 122A.23, is amended to read:

**122A.23 APPLICANTS TRAINED IN OTHER STATES.**

**Subdivision 1. Preparation equivalency.** When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the Board of Teaching ~~or the commissioner of education, whichever has jurisdiction,~~ be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. The diploma or degree must be granted by virtue of completing coursework in teacher preparation as preliminary to the granting of a diploma or a degree of the same rank and class. For purposes of granting a Minnesota teaching license to

a person who receives a diploma or degree from a state-accredited, out-of-state teacher training program leading to licensure, the Board of Teaching must establish criteria and streamlined policies and procedures by January 1, 2016, to recognize the experience and professional credentials of the person holding the out-of-state diploma or degree and allow that person to demonstrate to the board the person's qualifications for receiving a Minnesota teaching license based on performance measures the board adopts by January 1, 2016, under this section.

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a professional five-year teaching license or a temporary an initial professional one-year teaching license under paragraphs (c) to (f) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held an out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes either (1) field-specific teaching methods, student teaching, or equivalent experience, or (2) at least two years of teaching experience as the teacher of record in a similar licensure field area.

(b) The Board of Teaching may issue a standard professional five-year teaching license on the basis of teaching experience and examination requirements only.

(c) The Board of Teaching must issue a professional five-year teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach a similar content field and grade levels if the scope of the out-of-state license is no more than two grade levels less than a similar Minnesota license, and either (i) has completed field-specific teaching methods, student teaching, or equivalent experience, or (ii) has at least two years of teaching experience as the teacher of record in a similar licensure field area.

(d) The Board of Teaching, consistent with board rules and paragraph (i), must issue up to four one-year temporary initial professional one-year teaching licenses to an applicant who holds or held an out-of-state teaching license to teach a similar content field licensure area and grade levels, where the scope of the out-of-state license is no more than two grade levels less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the Board of Teaching. The board must issue a professional five-year teaching license to an applicant who successfully completes the requirements under this paragraph.

(e) The Board of Teaching, consistent with board rules, must issue up to four initial professional one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach a similar content field licensure area and grade levels, where the scope of the out-of-state license is no more than two grade levels less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements. If no school district mentorship program is available, the applicant must complete field-specific teaching methods coursework while serving as a teacher of record and providing classroom instruction in the applicant's field of licensure. The board must issue a professional five-year teaching license to an applicant who successfully completes the requirements under this paragraph.

(f) ~~The Board of Teaching must issue a restricted teaching license for only in the content field or grade levels specified in the out-of-state license to an applicant who:~~

(1) ~~successfully completed all exams and human relations preparation components required by the Board of Teaching; and~~

(2) ~~holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.~~

(f) The Board of Teaching must issue to an applicant with an out-of-state teaching license up to four initial professional one-year teaching licenses that are restricted in content or grade levels specified in the out-of-state license if the applicant's out-of-state teaching license is more limited than a similar Minnesota license in content field or grade levels. The Board of Teaching must issue a professional five-year teaching license to an applicant who successfully completes all exams and human relations preparation components required by the Board of Teaching. Any content or grade level restriction placed on a license under this paragraph remains in effect.

(g) The Board of Teaching may issue a two-year limited provisional license permission to an applicant under this subdivision to teach in a shortage area, consistent with section 122A.18, subdivision 4a.

(h) The Board of Teaching may issue a license under this subdivision if the applicant has attained the additional degrees, credentials, or licenses required in a particular licensure field and the applicant can demonstrate competency by obtaining qualifying scores on the board-adopted skills examination in reading, writing, and mathematics, and on applicable board-adopted rigorous content area and pedagogy examinations under section 122A.09, subdivision 4, paragraphs (a) and (e).

(i) The Board of Teaching must require an applicant for a professional five-year teaching license or a temporary an initial professional one-year teaching license under this subdivision to pass a board-adopted skills examination in reading, writing, and mathematics before the board issues the license unless, notwithstanding other provisions of this subdivision, an applicable board-approved National Association of State Directors of Teacher Education and Certification interstate reciprocity agreement exists to allow fully certified teachers from other states to transfer their certification to Minnesota.

**Subd. 3. Teacher licensure agreements with adjoining states.** (a) Notwithstanding any other law to the contrary, the Board of Teaching must enter into a National Association of State Directors of Teacher Education and Certification (NASDTEC) interstate agreement and other interstate agreements for teacher licensure to allow fully certified teachers from adjoining states to transfer their certification to Minnesota. The board must enter into these interstate agreements only after determining that the rigor of the teacher licensure or certification requirements in the adjoining state is commensurate with the rigor of Minnesota's teacher licensure requirements. The board

may limit an interstate agreement to particular content fields or grade levels based on established priorities or identified shortages. This subdivision does not apply to out-of-state applicants holding only a provisional teaching license.

(b) The Board of Teaching must work with designated authorities in adjoining states to establish interstate teacher licensure agreements under this section.

Sec. 5. Minnesota Statutes 2014, section 122A.245, as amended by Laws 2015, First Special Session chapter 3, article 2, sections 19 to 21, is amended to read:

**122A.245 ALTERNATIVE TEACHER PREPARATION PROGRAM AND LIMITED-TERM PRELIMINARY TEACHER LICENSE.**

**Subdivision 1. Requirements.** (a) To improve academic excellence, improve ethnic and cultural diversity in the classroom, and close the academic achievement gap, the Board of Teaching must approve qualified teacher preparation programs under this section that are a means to acquire a two-year limited-term preliminary teacher license, which the board may renew one time for an additional one-year term, and to prepare for acquiring a standard professional five-year license. The following entities are eligible to participate under this section:

(1) a school district, charter school, or nonprofit corporation organized under chapter 317A for an education-related purpose that forms a partnership with a college or university that has a board-approved alternative teacher preparation program; or

(2) a school district or charter school, after consulting with a college or university with a board-approved teacher preparation program, that forms a partnership with a nonprofit corporation organized under chapter 317A for an education-related purpose that has a board-approved teacher preparation program.

(b) Before becoming a teacher of record, a candidate must:

(1) have a bachelor's degree with a 3.0 or higher grade point average unless the board waives the grade point average requirement based on board-adopted criteria adopted by January 1, 2016;

(2) demonstrate a passing score on a board-adopted reading, writing, and mathematics skills examination under section 122A.09, subdivision 4, paragraph (b); and

(3) obtain qualifying scores on applicable board-approved rigorous content area and pedagogy examinations under section 122A.09, subdivision 4, paragraph (e).

(c) The Board of Teaching must issue a two-year limited-term preliminary teacher license to a person who enrolls in an alternative teacher preparation program.

**Subd. 2. Characteristics.** An alternative teacher preparation program under this section must include:

(1) a minimum 200-hour instructional phase that provides intensive preparation and student teaching before the teacher candidate assumes classroom responsibilities;

(2) a research-based and results-oriented approach focused on best teaching practices to increase student proficiency and growth measured against state academic standards;

(3) strategies to combine pedagogy and best teaching practices to better inform teacher candidates' classroom instruction;

(4) assessment, supervision, and evaluation of teacher candidates to determine their specific needs throughout the program and to support their efforts to successfully complete the program;

(5) intensive, ongoing, and multiyear professional learning opportunities that accelerate teacher candidates' professional growth, support student learning, and provide a workplace orientation, professional staff development, and mentoring and peer review focused on standards of professional practice and continuous professional growth; and

(6) a requirement that teacher candidates demonstrate to the local site team under subdivision 5 satisfactory progress toward acquiring ~~a standard license~~ professional five-year teaching licenses from the Board of Teaching.

**Subd. 3. Program approval; disapproval.** (a) The Board of Teaching must approve alternative teacher preparation programs under this section based on board-adopted criteria that reflect best practices for alternative teacher preparation programs, consistent with this section.

(b) The board must permit teacher candidates to demonstrate mastery of pedagogy and content standards in school-based settings and through other nontraditional means. "Nontraditional means" must include a portfolio of previous experiences, teaching experience, educator evaluations, certifications marking the completion of education training programs, and essentially equivalent demonstrations.

(c) The board must use nontraditional criteria to determine the qualifications of program instructors.

(d) The board may permit instructors to hold a baccalaureate degree only.

(e) If the Board of Teaching determines that a teacher preparation program under this section does not meet the requirements of this section, it may revoke its approval of the program after it notifies the program provider of any deficiencies and gives the program provider an opportunity to remedy the deficiencies.

**Subd. 4. Employment conditions.** Where applicable, teacher candidates with ~~a limited-term~~ a preliminary teacher license under this section are members of the local employee organization representing teachers and subject to the terms of the local collective bargaining agreement between the exclusive representative of the teachers and the school board. A collective bargaining agreement between a school board and the exclusive representative of the teachers must not prevent or restrict or otherwise interfere with a school district's ability to employ a teacher prepared under this section.

**Subd. 5. Approval for standard professional five-year license.** A school board or its designee must appoint members to a local site team that includes teachers, school administrators, and postsecondary faculty under subdivision 1, paragraph (a), clause (1), or staff of a participating nonprofit corporation under subdivision 1, paragraph (a), clause (2), to evaluate the performance of the teacher candidate. The evaluation must be consistent with board-adopted performance measures, use the Minnesota state standards of effective practice and subject matter content standards for teachers established in Minnesota Rules, and include a report to the board recommending whether or not to issue the teacher candidate a standard professional five-year teaching license.

**Subd. 6. Applicants trained in other states.** A person who successfully completes another state's alternative teacher preparation program, consistent with section 122A.23, subdivision 1, may

apply to the Board of Teaching for ~~a standard an initial professional one-year teaching license under subdivision 7 or a professional five-year teaching license.~~

**Subd. 7. Standard Professional five-year license.** The Board of Teaching must issue a standard professional five-year teaching license to an otherwise qualified teacher candidate under this section who successfully performs throughout a program under this section, obtains qualifying scores on applicable board-adopted rigorous skills, pedagogy, and content area examinations under section 122A.09, subdivision 4, paragraphs (a) and (e), and is recommended for licensure under subdivision 5 or successfully demonstrates to the board qualifications for licensure under subdivision 6.

**Subd. 8. Highly Qualified teacher.** A person holding a valid limited-term license under this section is a highly qualified teacher and the teacher of record under section 122A.16.

**Subd. 9. Exchange of best practices.** By July 31 in an even-numbered year, ~~a program participant and approved alternative preparation program providers,~~ the Minnesota State Colleges and Universities, the University of Minnesota, the Minnesota Private College Council, and the Department of Education must exchange information about best practices and educational innovations.

**Subd. 10. Reports.** The Board of Teaching must submit an interim report on the efficacy of this program to the policy and finance committees of the legislature with jurisdiction over kindergarten through grade 12 education by February 15, 2013, and a final report by February 15, 2015.

Sec. 6. Minnesota Statutes 2015 Supplement, section 122A.40, subdivision 8, is amended to read:

**Subd. 8. Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices ~~and, improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers,~~ the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of content areas of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that

complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 7. Minnesota Statutes 2015 Supplement, section 122A.41, subdivision 5, is amended to read:

**Subd. 5. Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher

evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 8. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 1, is amended to read:

**Subdivision 1. Restructured pay system.** A restructured alternative teacher professional pay system is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, cooperative units, as defined in section 123A.24, subdivision 2, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

Sec. 9. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 2, is amended to read:

**Subd. 2. Alternative teacher professional pay system.** (a) To participate in this program, a school district, an intermediate school district consistent with paragraph (d), a school site, or a charter school must have an educational improvement plan under section 122A.413 a world's best workforce plan under section 120B.11 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student growth and literacy that may include value-added models or student learning goals, consistent with section 122A.40, subdivision 8, paragraph (b), clause (9), or 122A.41, subdivision 5, paragraph (b), clause (9), and other measures that include the academic literacy, oral academic language, and achievement of English learners under section 122A.40, subdivision 8, paragraph (b), clause (10), or 122A.41, subdivision 5, paragraph (b), clause (10); and

(iii) an objective evaluation program under section 122A.40, subdivision 8, paragraph (b), clause (2), or 122A.41, subdivision 5, paragraph (b), clause (2);

(4) provide for participation in job-embedded learning opportunities such as professional learning communities to improve instructional skills and learning that are aligned with student needs under section ~~122A.413~~ 120B.11, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

(c) The alternative teacher professional pay system may:

(1) include a hiring bonus or other added compensation for teachers who are identified as effective or highly effective under the local teacher professional review cycle and work in a hard-to-fill position or in a hard-to-staff school such as a school with a majority of students whose families meet federal poverty guidelines, a geographically isolated school, or a school identified by the state as eligible for targeted programs or services for its students; and

(2) include incentives for teachers to obtain a master's degree or other advanced certification in their content field of licensure, pursue the training or education necessary to obtain an additional licensure in shortage areas identified by the district or charter school, or help fund a "grow your own" new teacher initiative.

(d) An intermediate school district under this subdivision must demonstrate in a form and manner determined by the commissioner that it uses the aid it receives under this section for activities identified in the alternative teacher professional pay system agreement.

Sec. 10. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and sections ~~122A.413 and~~ section 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, cooperatives, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, cooperative, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school

district, or school site, or executed by the charter school board of directors if the applicant is a charter school or executed by the governing board if the applicant is a cooperative unit. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must review a completed application within 30 days of the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

Sec. 11. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 3, is amended to read:

**Subd. 3. Report; continued funding.** (a) Participating districts, intermediate school districts, cooperatives, school sites, and charter schools must report on the implementation and effectiveness of the alternative teacher professional pay system, particularly addressing each requirement under subdivision 2 and make annual recommendations by June 15 to their school boards. ~~The school board, board of directors, or governing board shall transmit a copy of the report with a summary of the findings and recommendations of the district, intermediate school district, cooperative, school site, or charter school to the commissioner in the form and manner determined by the commissioner.~~

~~(b) If the commissioner determines that a school district, intermediate school district, cooperative, school site, or charter school that receives alternative teacher compensation revenue is not complying with the requirements of this section, the commissioner may withhold funding from that participant. Before making the determination, the commissioner must notify the participant of any deficiencies and provide the participant an opportunity to comply. A district must include the report required under paragraph (a) as part of the world's best workforce report under section 120B.11, subdivision 5.~~

Sec. 12. Minnesota Statutes 2014, section 122A.4144, is amended to read:

**122A.4144 SUPPLEMENTAL AGREEMENTS; ALTERNATIVE TEACHER PAY.**

Notwithstanding section 179A.20 or other law to the contrary, a school board and the exclusive representative of the teachers may agree to reopen a collective bargaining agreement for the purpose of entering into an alternative teacher professional pay system agreement under sections 122A.413, 122A.414, and 122A.415. Negotiations for a contract reopened under this section must be limited to issues related to the alternative teacher professional pay system.

Sec. 13. Minnesota Statutes 2015 Supplement, section 122A.415, subdivision 4, is amended to read:

**Subd. 4. Basic alternative teacher compensation aid.** (a) The basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,840,000 for fiscal year 2016 and \$88,118,000 for fiscal year 2017 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits by not approving new participants or by prorating the aid among participating districts, intermediate school districts, school sites, and charter schools. The commissioner may also reallocate a portion of the allowable aid for the biennium from the second year to the first year to meet the needs of approved participants. Basic alternative teacher compensation aid for an intermediate district or other cooperative unit equals \$3,000 times the number of licensed teachers employed by the intermediate district or cooperative unit on October 1 of the previous school year.

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

Sec. 14. Minnesota Statutes 2014, section 122A.416, is amended to read:

**122A.416 ALTERNATIVE TEACHER COMPENSATION REVENUE FOR PERPICH CENTER FOR ARTS EDUCATION AND MULTIDISTRICT INTEGRATION COLLABORATIVES.**

Notwithstanding sections ~~122A.413~~, 122A.414, 122A.415, and 126C.10, multidistrict integration collaboratives and the Perpich Center for Arts Education are eligible to receive alternative teacher compensation revenue as if they were intermediate school districts. To qualify for alternative teacher compensation revenue, a multidistrict integration collaborative or the Perpich Center for Arts Education must meet all of the requirements of sections ~~122A.413~~, 122A.414; and 122A.415 that apply to intermediate school districts, must report its enrollment as of October 1 of each year to the department, and must annually report its expenditures for the alternative teacher professional pay system consistent with the uniform financial accounting and reporting standards to the department by November 30 of each year.

Sec. 15. Minnesota Statutes 2014, section 122A.42, is amended to read:

**122A.42 GENERAL CONTROL OF SCHOOLS.**

(a) The teacher of record shall have the general control and government of the school and classroom. When more than one teacher is employed in any district, one of the teachers may be designated by the board as principal and shall have the general control and supervision of the schools of the district, subject to the general supervisory control of the board and other officers.

(b) Consistent with paragraph (a), the teacher may remove students from class under section 121A.61, subdivision 2, for violent or disruptive conduct.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 16. Minnesota Statutes 2015 Supplement, section 122A.60, subdivision 4, is amended to read:

**Subd. 4. Staff development report.** (a) By October 15 of each year, The district and site staff development committees shall write and submit a report of staff development activities and expenditures for the previous year, ~~in the form and manner determined by the commissioner~~. The report, signed by the district superintendent and staff development chair, must include assessment and evaluation data indicating progress toward district and site staff development goals based on teaching and learning outcomes, including the percentage of teachers and other staff involved in instruction who participate in effective staff development activities under subdivision 3 as part of the district's world's best workforce report under section 120B.11, subdivision 5.

(b) The report must break down expenditures for:

(1) curriculum development and curriculum training programs; and

(2) staff development training models, workshops, and conferences, and the cost of releasing teachers or providing substitute teachers for staff development purposes.

The report also must indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures must be reported using the uniform financial and accounting and reporting standards.

~~(c) The commissioner shall report the staff development progress and expenditure data to the house of representatives and senate committees having jurisdiction over education by February 15 each year.~~

Sec. 17. Minnesota Statutes 2014, section 122A.63, subdivision 1, is amended to read:

**Subdivision 1. Establishment.** (a) A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The commissioner may award a joint grant to each of the following:

(1) the Duluth campus of the University of Minnesota and Independent School District No. 709, Duluth;

(2) Bemidji State University and Independent School District No. 38, Red Lake;

(3) Moorhead State University and one of the school districts located within the White Earth Reservation; and

(4) Augsburg College, Independent School District No. 625, St. Paul, and Special School District No. 1, Minneapolis.

(b) If additional funds are available, the commissioner may award additional joint grants to other postsecondary institutions and school districts.

Sec. 18. Minnesota Statutes 2014, section 122A.72, subdivision 5, is amended to read:

**Subd. 5. Center functions.** (a) A teacher center shall perform functions according to this subdivision. The center shall assist teachers, diagnose learning needs, experiment with the use

of multiple instructional approaches, assess pupil outcomes, assess staff development needs and plans, and teach school personnel about effective pedagogical approaches. The center shall develop and produce curricula and curricular materials designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

(b) Each teacher center must provide a professional development program to train interested and ~~highly~~ qualified elementary, middle, and secondary teachers, selected by the employing school district, to assist other teachers in that district with mathematics and science curriculum, standards, and instruction so that all teachers have access to:

(1) high quality professional development programs in mathematics and science that address curriculum, instructional methods, alignment of standards, and performance measurements, enhance teacher and student learning, and support state mathematics and science standards; and

(2) research-based mathematics and science programs and instructional models premised on best practices that inspire teachers and students and have practical classroom application.

Sec. 19. Minnesota Statutes 2014, section 124D.861, as amended by Laws 2015, chapter 21, article 1, section 20, is amended to read:

#### **124D.861 ACHIEVEMENT AND INTEGRATION FOR MINNESOTA.**

**Subdivision 1. Program to close the academic achievement and opportunity gap; revenue uses.** (a) The "Achievement and Integration for Minnesota" program is established to pursue racial and economic integration and increase student academic achievement, create equitable educational opportunities, and reduce academic disparities based on students' diverse racial, ethnic, and economic backgrounds in Minnesota public schools.

(b) For purposes of this section and section 124D.862, "eligible district" means a district required to submit a plan to the commissioner under Minnesota Rules governing school desegregation and integration, or be a member of a multidistrict integration collaborative that files a plan with the commissioner.

(c) Eligible districts must use the revenue under section 124D.862 to pursue academic achievement and racial and economic integration through:

(1) integrated learning environments that give students improved and equitable access to effective and more diverse teachers, prepare all students to be effective citizens, and enhance social cohesion;

(2) policies and curricula and trained instructors, administrators, school counselors, and other advocates to support and enhance integrated learning environments under this section, including through magnet schools, innovative, research-based instruction, differentiated instruction,

improved and equitable access to effective and diverse teachers, and targeted interventions to improve achievement; and

(3) rigorous career and college readiness programs and effective and more diverse instructors for underserved student populations, consistent with section 120B.30, subdivision 1; integrated learning environments to increase student academic achievement; cultural fluency, competency, and interaction; graduation and educational attainment rates; and parent involvement.

(d) Consistent with paragraph (c), eligible districts may adopt policies to increase the diversity of district teachers and administrators using the revenue under section 124D.862 for recruitment, retention, and hiring incentives or additional compensation.

**Subd. 2. Plan implementation; components.** (a) The school board of each eligible district must formally develop and implement a long-term plan under this section. The plan must be incorporated into the district's comprehensive strategic plan under section 120B.11. Plan components may include: innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices; family engagement initiatives that involve families in their students' academic life and success; professional development opportunities for teachers and administrators focused on improving the academic achievement of all students, including teachers and administrators who are members of populations underrepresented among the licensed teachers or administrators in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school; increased programmatic opportunities and effective and more diverse instructors focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students; or recruitment and retention of teachers and administrators with diverse racial and ethnic backgrounds. The plan must contain goals for:

(1) reducing the disparities in academic achievement and in equitable access to effective and more diverse teachers among all students and specific categories of students under section 120B.35, subdivision 3, paragraph (b), excluding the student categories of gender, disability, and English learners; and

(2) increasing racial and economic diversity and integration in schools and districts.

(b) Among other requirements, an eligible district must implement effective, research-based interventions that include formative assessment practices to reduce the disparities in student academic performance among the specific categories of students as measured by student progress and growth on state reading and math assessments and as aligned with section 120B.11.

(c) Eligible districts must create efficiencies and eliminate duplicative programs and services under this section, which may include forming collaborations or a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

**Subd. 3. Public engagement; progress report and budget process.** (a) To receive revenue under section 124D.862, the school board of an eligible district must incorporate school and district plan components under section 120B.11 into the district's comprehensive integration plan.

(b) A school board must hold at least one formal annual hearing to publicly report its progress in realizing the goals identified in its plan. At the hearing, the board must provide the public with

longitudinal data demonstrating district and school progress in reducing the disparities in student academic performance among the specified categories of students, in improving students' equitable access to effective and more diverse teachers, and in realizing racial and economic diversity and integration, consistent with the district plan and the measures in paragraph (a). At least 30 days before the formal hearing under this paragraph, the board must post its plan, its preliminary analysis, relevant student performance data, and other longitudinal data on the district's Web site. A district must hold one hearing to meet the hearing requirements of both this section and section 120B.11.

(c) The district must submit a detailed budget to the commissioner by March 15 in the year before it implements its plan. The commissioner must review, and approve or disapprove the district's budget by June 1 of that year.

(d) The longitudinal data required under paragraph (b) must be based on student growth and progress in reading and mathematics, as defined under section 120B.30, subdivision 1, and student performance data and achievement reports from fully adaptive reading and mathematics assessments for grades 3 through 7 beginning in the 2015-2016 school year under section 120B.30, subdivision 1a, and either (i) school enrollment choices, (ii) the number of world language proficiency or high achievement certificates awarded under section 120B.022, subdivision 1a, or the number of state bilingual and multilingual seals issued under section 120B.022, subdivision 1b, or (iii) school safety and students' engagement and connection at school under section 120B.35, subdivision 3, paragraph (d). Additional longitudinal data may be based on: students' progress toward career and college readiness under section 120B.30, subdivision 1; or rigorous coursework completed under section 120B.35, subdivision 3, paragraph (c), clause (2).

Subd. 4. **Timeline and implementation.** A board must approve its plan and submit it to the department by March 15. If a district that is part of a multidistrict council applies for revenue for a plan, the individual district shall not receive revenue unless it ratifies the plan adopted by the multidistrict council. Each plan has a term of three years. For the 2014-2015 school year, an eligible district under this section must submit its plan to the commissioner for review by March 15, 2014. For the 2013-2014 school year only, an eligible district may continue to implement its current plan until the commissioner approves a new plan under this section.

Subd. 5. **Evaluation.** The commissioner must evaluate the efficacy of district plans in reducing the disparities in student academic performance among the specified categories of students within the district, improving students' equitable access to effective and diverse teachers, and in realizing racial and economic diversity and integration. The commissioner shall report evaluation results to the kindergarten through grade 12 education committees of the legislature by February 1 of every odd-numbered year.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 20. Minnesota Statutes 2015 Supplement, section 127A.05, subdivision 6, is amended to read:

Subd. 6. **Survey of districts.** The commissioner of education shall survey the state's school districts and teacher preparation programs and report to the education committees of the legislature by February 1 of each odd-numbered year on the status of teacher early retirement patterns, the access to effective and more diverse teachers who reflect the students under section 120B.35, subdivision 3, paragraph (b), clause (2), enrolled in a district or school, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and the economic

development regions of the state. The report must also include: aggregate data on teachers' self-reported race and ethnicity; data on how districts are making progress in hiring teachers and substitutes in the areas of shortage; and a five-year projection of teacher demand for each district, taking into account the students under section 120B.35, subdivision 3, paragraph (b), clause (2), expected to enroll in the district during that five-year period.

**Sec. 21. [136F.361] CAREER AND TECHNICAL EDUCATION CERTIFICATION AND LICENSURE.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities System, consistent with section 122A.09, subdivision 10, paragraph (e), must provide an alternative preparation program allowing individuals to be certified as a career and technical education instructor able to teach career and technical education courses offered by a school district or charter school. The Board of Trustees may locate the first program in the seven county metropolitan area.

(b) Consistent with paragraph (a), the Board of Trustees of the Minnesota State Colleges and Universities system, in consultation with the Board of Teaching, must develop the standards, pedagogy, and curriculum for an alternative preparation program to prepare qualified individuals: to attain certification as a career and technical education instructor under section 122A.09, subdivision 10, paragraph (e), during the 2016-2017 through 2018-2019 school years; and to attain either certification or licensure as a career and technical education instructor or teacher to teach career and technical education courses offered by a school district or charter school in the 2019-2020 school year and later.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 academic year and later.

**Sec. 22. STAFF DEVELOPMENT GRANTS FOR INTERMEDIATE SCHOOL DISTRICTS AND OTHER COOPERATIVE UNITS.**

(a) For fiscal years 2017, 2018, and 2019 only, an intermediate school district or other cooperative unit providing instruction to students in federal instructional settings of level 4 or higher qualifies for staff development grants equal to \$1,000 times the full-time equivalent number of licensed instructional staff and nonlicensed classroom aides employed by or assigned to the intermediate school district or other cooperative unit during the previous fiscal year.

(b) Staff development grants received under this section must be used for activities related to enhancing services to students who may have challenging behaviors or mental health issues or be suffering from trauma. Specific qualifying staff development activities include but are not limited to:

(1) proactive behavior management;

(2) personal safety training;

(3) de-escalation techniques; and

(4) adaptation of published curriculum and pedagogy for students with complex learning and behavioral needs.

(c) The grants received under this section must be reserved and spent only on the activities specified in this section. If funding for purposes of this section is insufficient, the commissioner must prorate the grants.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017 and later.

**Sec. 23. CAREER AND TECHNICAL EDUCATOR LICENSING ADVISORY TASK FORCE.**

Subdivision 1. Creation. The Career and Technical Educator Licensing Advisory Task Force consists of the following members, appointed by the commissioner of education, unless otherwise specified:

- (1) one person who is a member of the Board of Teaching;
- (2) one person representing colleges and universities offering a board-approved teacher preparation program;
- (3) one person representing science, technology, engineering, and math programs, such as Project Lead the Way;
- (4) one person designated by the Board of the Minnesota Association for Career and Technical Administrators;
- (5) one person designated by the Board of the Minnesota Association for Career and Technical Education;
- (6) three people who are secondary school administrators, including superintendents, principals, and assistant principals; and
- (7) two people who are members of other interested groups, as determined by the commissioner of education.

The commissioner and designating authorities must make their initial appointments and designations by July 1, 2016. The commissioner and designating authorities, to the extent practicable, should make appointments balanced as to gender and reflecting the ethnic diversity of the state population.

Subd. 2. Duties; report. The task force must review the current status of career and technical educator licenses and provide recommendations on changes, if any are deemed necessary, to the licensure requirements and methods to increase access for school districts to licensed career and technical educators. The task force must report its findings and recommendations, with draft legislation if needed to implement the recommendations, to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education and higher education by January 15, 2017.

Subd. 3. First meeting. The commissioner of education or the commissioner's designee must convene the first meeting of the task force by September 1, 2016.

Subd. 4. Administrative support. The commissioner of education must provide meeting space and administrative services for the task force.

Subd. 5. Chair. The commissioner of education or the commissioner's designee shall serve as chair of the task force.

Subd. 6. Compensation. The public members of the task force serve without compensation or payment of expenses.

Subd. 7. Expiration. The task force expires January 16, 2017, or upon submission of the report required in subdivision 2, whichever is earlier.

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

**Sec. 24. LEGISLATIVE STUDY GROUP ON EDUCATOR LICENSURE.**

(a) A 12-member legislative study group on teacher licensure is created to review the 2016 report prepared by the Office of the Legislative Auditor on the Minnesota teacher licensure program and submit a written report by February 1, 2017, to the legislature recommending how to restructure Minnesota's teacher licensure system by consolidating all teacher licensure activities into a single state entity to ensure transparency and consistency or, at a minimum, clarify existing teacher licensure responsibilities to provide transparency and consistency. In developing its recommendations, the study group must consider the tiered licensure system recommended in the legislative auditor's report, among other recommendations. The study group must identify and include in its report any statutory changes needed to implement the study group recommendations.

(b) The legislative study group on educator licensure includes:

(1) six duly elected and currently serving members of the house of representatives, three appointed by the speaker of the house and three appointed by the house minority leader, and one of whom must be the current chair of the house of representatives Education Innovation Policy Committee; and

(2) six duly elected and currently serving senators, three appointed by the senate majority leader and three appointed by the senate minority leader, one of whom must be the current chair of the senate Education Committee.

Only duly elected and currently serving members of the house of representatives or senate may be study group members.

(c) The appointments must be made by June 1, 2016, and expire February 2, 2017. If a vacancy occurs, the leader of the caucus in the house of representatives or senate to which the vacating study group member belonged must fill the vacancy. The chair of the house Education Innovation Policy Committee shall convene the first meeting of the study group. The study group shall elect a chair or cochairs from among the members at the first meeting. The study group must meet periodically. The Legislative Coordinating Commission shall provide technical and administrative assistance upon request.

(d) In reviewing the legislative auditor's report and developing its recommendations, the study group must consult with interested and affected stakeholders, including representatives of the Board of Teaching, Minnesota Department of Education, Education Minnesota, MinnCAN, Minnesota Business Partnership, Minnesota Rural Education Association, Association of Metropolitan School Districts, Minnesota Association of Colleges for Teacher Education, College of Education and Human Development at the University of Minnesota, Minnesota State Colleges and Universities, Minnesota Private College Council, Minnesota School Boards Association, Minnesota Elementary School Principals' Association, Minnesota Association of Secondary School Principals, Minnesota Association of School Administrators, the Board of School Administrators, Minnesota Indian Affairs Council, the Council on Asian Pacific Minnesotans, Council for Minnesotans of African Heritage, Minnesota Council on Latino Affairs, Minnesota Association of Educators, and Minnesota Teach For America, among other stakeholders.

(e) The study group expires February 2, 2017, unless extended by law.

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

## ARTICLE 25

### EDUCATION EXCELLENCE

#### Section 1. **[119A.035] SCHOOL CRISIS RESPONSE TEAMS.**

Subdivision 1. **Commissioner's duties.** To ensure timely responses to school crises, the commissioner must work in cooperation with the Minnesota School Safety Center to collect, maintain, and make available to schools contact information for crisis response teams throughout the state.

Subd. 2. **Crisis response teams.** In regions of Minnesota where an existing crisis response team has not been formed by a school district, county, or city, the commissioner, in cooperation with the Minnesota School Safety Center, must convene a working group in each region to develop a plan to form a crisis response team for that region. Team members from the public and private sectors may represent various disciplines, including school administrators, guidance counselors, psychologists, social workers, teachers, nurses, security experts, media relations professionals, and other related areas.

Sec. 2. Minnesota Statutes 2014, section 120A.42, is amended to read:

#### **120A.42 CONDUCT OF SCHOOL ON CERTAIN HOLIDAYS.**

(a) The governing body of any district may contract with any of the teachers of the district for the conduct of schools, and may conduct schools, on either, or any, of the following holidays, provided that a clause to this effect is inserted in the teacher's contract: Martin Luther King's birthday, Lincoln's and Washington's birthdays, Columbus Day and Veterans' Day. On Martin Luther King's birthday, Washington's birthday, Lincoln's birthday, and Veterans' Day at least one hour of the school program must be devoted to a patriotic observance of the day.

(b) A district may conduct a school program to honor Constitution Day and Citizenship Day by providing opportunities for students to learn about the principles of American democracy, the American system of government, American citizens' rights and responsibilities, American history, and American geography, symbols, and holidays. Among other activities under this paragraph, districts may administer to students the test questions United States Citizenship and Immigration Services officers pose to applicants for naturalization.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 3. Minnesota Statutes 2014, section 120B.02, is amended by adding a subdivision to read:

Subd. 3. **Required knowledge and understanding of civics.** (a) For purposes of this subdivision, "civics test questions" means 50 of the 100 questions that, as of January 1, 2015, United States citizenship and immigration services officers use to select the questions they pose to applicants for naturalization so the applicants can demonstrate their knowledge and understanding of the fundamentals of United States history and government, as required by United States Code, title 8, section 1423. The Learning Law and Democracy Foundation, in consultation with Minnesota civics teachers, must select by July 1 each year 50 of the 100 questions under this paragraph to serve as the state's civics test questions for the proximate school year and immediately

transmit the 50 selected civics test questions to the department and to the Legislative Coordinating Commission, which must post the 50 questions it receives on the Minnesota's Legacy Web site by August 1 of that year.

(b) A student enrolled in a public school must correctly answer at least 30 of the 50 civics test questions. A school or district may record on a student's transcript that the student answered at least 30 of 50 civics test questions correctly. A school or district may exempt a student with disabilities from this requirement if the student's individualized education program team determines the requirement is inappropriate and establishes an alternative requirement. A school or district may administer the civics test questions in a language other than English to students who qualify for English learner services.

(c) Schools and districts may administer civics test questions as part of the social studies curriculum. A district must not prevent a student from graduating or deny a student a high school diploma for failing to correctly answer at least 30 of 50 civics test questions.

(d) The commissioner and public schools and school districts must not charge students any fees related to this subdivision.

**EFFECTIVE DATE.** This section is effective for students enrolling in grade 9 in the 2017-2018 school year or later.

Sec. 4. Minnesota Statutes 2014, section 120B.021, subdivision 1, is amended to read:

**Subdivision 1. Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including history, geography, economics, and government and citizenship that includes civics consistent with section 120B.02, subdivision 3;

(5) physical education;

(6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) Beginning in the 2016-2017 school year, the department must adopt the most recent National Association of Sport and Physical Education kindergarten through grade 12 standards

and benchmarks for physical education as the required physical education academic standards. The department may modify and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments, which school districts may use as an alternative to local assessments, to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(e) (d) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

**EFFECTIVE DATE.** This section is effective July 1, 2016, except that the change in paragraph (a) is effective for students enrolling in grade 9 in the 2017-2018 school year and later.

Sec. 5. Minnesota Statutes 2014, section 120B.021, subdivision 3, is amended to read:

**Subd. 3. Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic standards for science and social studies must be implemented for all students beginning in the 2005-2006 school year.

Sec. 6. Minnesota Statutes 2015 Supplement, section 120B.021, subdivision 4, is amended to read:

**Subd. 4. Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2020-2021 2021-2022 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 2017-2018 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the ~~2017-2018~~ 2018-2019 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the ~~2018-2019~~ 2019-2020 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the ~~2019-2020~~ 2020-2021 school year and every ten years thereafter.

(g) The commissioner must implement a review of the academic standards and related benchmarks in physical education beginning in the ~~2022-2023~~ school year and every ten years thereafter.

(h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

**Sec. 7. [120B.026] PHYSICAL EDUCATION; EXCLUSION FROM CLASS; RECESS.**

A student may be excused from a physical education class if the student submits written information signed by a physician stating that physical activity will jeopardize the student's health. A student may be excused from a physical education class if being excused meets the child's unique and individualized needs according to the child's individualized education program, federal 504 plan, or individualized health plan. A student may be excused if a parent or guardian requests an exemption on religious grounds. A student with a disability must be provided with modifications or adaptations that allow physical education class to meet their needs. Schools are strongly encouraged not to exclude students in kindergarten through grade 5 from recess due to punishment or disciplinary action.

Sec. 8. Minnesota Statutes 2014, section 120B.11, subdivision 1a, is amended to read:

**Subd. 1a. Performance measures.** Measures to determine school district and school site progress in striving to create the world's best workforce must include at least:

(1) student performance on the National Assessment of Education Progress where applicable;

(2) (1) the size of the academic achievement gap, rigorous course taking under section 120B.35, subdivision 3, paragraph (c), clause (2), and enrichment experiences by student subgroup;

(3) (2) student performance on the Minnesota Comprehensive Assessments;

(4) (3) high school graduation rates; and

(5) (4) career and college readiness under section 120B.30, subdivision 1.

Sec. 9. Minnesota Statutes 2014, section 120B.11, subdivision 2, is amended to read:

Subd. 2. **Adopting plans and budgets.** A school board, at a public meeting, shall adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world's best workforce and includes:

(1) clearly defined district and school site goals and benchmarks for instruction and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

(2) a process for assessing and evaluating to assess and evaluate each student's progress toward meeting state and local academic standards, assess and identify students to participate in gifted and talented programs and accelerate their instruction, and adopt early-admission procedures consistent with section 120B.15, and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;

(3) a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, students' access to effective teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under section 120B.35, subdivision 3, paragraph (b), clause (2), and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) strategies for improving instruction, curriculum, and student achievement, including the English and, where practicable, the native language development and the academic achievement of English learners;

(5) a process to examine the equitable distribution of teachers and strategies to ensure low-income and minority children are not taught at higher rates than other children by inexperienced, ineffective, or out-of-field teachers;

(5) (6) education effectiveness practices that integrate high-quality instruction, rigorous curriculum, technology, and a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and

(6) (7) an annual budget for continuing to implement the district plan.

Sec. 10. Minnesota Statutes 2014, section 120B.11, subdivision 3, is amended to read:

Subd. 3. **District advisory committee.** Each school board shall establish an advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards, consistent with subdivision 2. A district advisory committee, to the extent possible, shall reflect the diversity of the district and its school sites, include teachers, parents, support staff, students, and other community residents, and provide translation to the extent appropriate and practicable. The district advisory committee shall pursue community support to accelerate the academic and native literacy and achievement of English learners with varied needs, from young children to adults, consistent with section 124D.59, subdivisions 2 and 2a. The district may establish site teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board rigorous academic standards, student achievement goals and measures consistent with subdivision 1a and sections 120B.022, subdivisions 1a and 1b, and 120B.35, district

assessments, means to improve students' equitable access to effective and more diverse teachers, and program evaluations. School sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 11. Minnesota Statutes 2014, section 120B.11, subdivision 4, is amended to read:

Subd. 4. **Site team.** A school may must establish a site team to develop and implement strategies and education effectiveness practices to improve instruction, curriculum, cultural competencies, including cultural awareness and cross-cultural communication, and student achievement at the school site, consistent with subdivision 2. The site team must include an equal number of teachers and administrators and at least one parent. The site team advises the board and the advisory committee about developing the annual budget and revising creates an instruction and curriculum improvement plan that aligns to align curriculum, assessment of student progress, and growth in meeting state and district academic standards and instruction.

Sec. 12. Minnesota Statutes 2014, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **Report.** Consistent with requirements for school performance reports under section 120B.36, subdivision 1, the school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the district Web site. The school board shall hold an annual public meeting to review, and revise where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction and cultural competency, and efforts to equitably distribute diverse, effective, experienced, and in-field teachers, and to review district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. The school board must transmit an electronic summary of its report to the commissioner in the form and manner the commissioner determines.

Sec. 13. Minnesota Statutes 2014, section 120B.12, subdivision 2, is amended to read:

Subd. 2. **Identification; report.** For the 2011-2012 school year and later, (a) Each school district shall identify before the end of kindergarten, grade 1, and grade 2 students who are not reading at grade level before the end of the current school year. Reading assessments in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of English learners. The district must use a locally adopted, developmentally appropriate, and culturally responsive assessment and annually report summary assessment results to the commissioner by July 1. The district also must annually report a summary of the district's efforts to screen and identify students with dyslexia or convergence insufficiency disorder to the commissioner by July 1.

(b) A student identified under this subdivision must be provided with alternate instruction under section 125A.56, subdivision 1.

Sec. 14. Minnesota Statutes 2014, section 120B.15, is amended to read:

**120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

(a) School districts may identify students, locally develop programs addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs.

(b) School districts must adopt guidelines for assessing and identifying students for participation in gifted and talented programs consistent with section 120B.11, subdivision 2, clause (2). The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research. Assessments and procedures should be sensitive to underrepresented groups, including, but not limited to, low-income, minority, twice-exceptional, and English learners.

(c) School districts must adopt procedures for the academic acceleration of gifted and talented students consistent with section 120B.11, subdivision 2, clause (2). These procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

(d) School districts must adopt procedures consistent with section 124D.02, subdivision 1, for early admission to kindergarten or first grade of gifted and talented learners consistent with section 120B.11, subdivision 2, clause (2). The procedures must be sensitive to underrepresented groups.

Sec. 15. Minnesota Statutes 2014, section 120B.232, is amended to read:

**120B.232 CHARACTER DEVELOPMENT EDUCATION.**

Subdivision 1. **Character development education.** (a) The legislature encourages districts to integrate or offer instruction on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness, respect for others, peacemaking, and resourcefulness. Instruction should be integrated into a district's existing programs, curriculum, or the general school environment. The commissioner shall provide assistance at the request of a district to develop character education curriculum and programs.

(b) Character development education under paragraph (a) may include a voluntary elementary, middle, and high school program that incorporates the history and values of Congressional Medal of Honor recipients and may be offered as part of the social studies, English language arts, or other curriculum, as a schoolwide character building and veteran awareness initiative, or as an after-school program, among other possibilities.

Subd. 1a. **Staff development; continuing education.** (a) Staff development opportunities under section 122A.60 may include training in character development education that incorporates the history and values of Congressional Medal of Honor recipients under subdivision 1, paragraph (b), and is provided without cost to the interested school or district.

(b) Local continuing education and relicensure committees or other local relicensure committees under section 122A.18, subdivision 4, are encouraged to approve up to six clock hours of continuing education for licensed teachers who complete the training in character development education under paragraph (a).

Subd. 2. **Funding sources.** The commissioner must first use federal funds for character development education programs to the extent available under United States Code, title 20, section 7247. Districts may accept funds from private and other public sources for character development education programs developed and implemented under this section, including programs funded through the Congressional Medal of Honor Foundation, among other sources.

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

Sec. 16. Minnesota Statutes 2015 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year.

(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, (v) a nationally recognized armed services vocational aptitude test.

(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, (v) a nationally recognized armed services vocational aptitude test.

(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

- (1) mathematics;
  - (i) grades 3 through 8 beginning in the 2010-2011 school year; and
  - (ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) an opportunity to participate on a nationally normed college entrance exam, in grade 11 or grade 12;

(2) achievement and career and college readiness in mathematics, reading, and writing, consistent with paragraph ~~f)~~ (k) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

(d) Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion.

A student under paragraph (c), clause (2), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. With funding provided by the To the extent state funding for college entrance exam fees is available, a district must pay the cost, one time, for an interested student in grade 11 or 12 to take a nationally recognized college entrance exam before graduating. A student must be able to take the exam under this paragraph at the student's high school during the school day and at any one of the multiple exam administrations available to students in

the district. A district may administer the ACT or SAT or both the ACT and SAT to comply with this paragraph. If the district administers only one of these two tests and a student opts not to take that test and chooses instead to take the other of the two tests, the student may take the other test at a different time or location and remains eligible for the examination fee reimbursement.

(f) The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students and English learners to provide the students with diagnostic information about any targeted interventions, accommodations, modifications, and supports they need so that assessments and other performance measures are accessible to them and they may seek postsecondary education or employment without need for postsecondary remediation. When administering formative or summative assessments used to measure the academic progress, including the oral academic development, of English learners and inform their instruction, schools must ensure that the assessments are accessible to the students and students have the modifications and supports they need to sufficiently understand the assessments.

(g) Districts and schools, on an annual basis, must use career exploration elements to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(h) A student who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on high school assessments under subdivision 1a is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(i) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(j) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(k) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(l) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(m) The 3rd through 8th grade computer-adaptive assessment results and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 8. The commissioner, in consultation with the chancellor of the Minnesota State Colleges and Universities, must establish empirically derived benchmarks on the high school tests that reveal a trajectory toward career and college readiness consistent with section 136F.3025. The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

(n) The grades 3 through 8 computer-adaptive assessments and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(o) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 8 and testing at the high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(p) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

(q) For purposes of statewide accountability, "cultural competence," "cultural competency," or "culturally competent" means the ability and will to interact effectively with people of different cultures, native languages, and socioeconomic backgrounds.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 17. Minnesota Statutes 2014, section 120B.30, subdivision 2, is amended to read:

**Subd. 2. Department of Education assistance.** (a) The Department of Education shall contract for professional and technical services according to competitive solicitation procedures under chapter 16C for purposes of this section.

(b) A proposal submitted under this section must include disclosures containing:

- (1) comprehensive information regarding test administration monitoring practices; and
- (2) data privacy safeguards for student information to be transmitted to or used by the proposing entity.

Information provided in the proposal is not security information or trade secret information for purposes of section 13.37.

Sec. 18. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

**Subd. 6. Database.** The commissioner shall establish a reporting system for teachers, administrators, and students to report service disruptions and technical interruptions. The information reported through this system shall be maintained in a database accessible through the department's Web site.

Sec. 19. Minnesota Statutes 2015 Supplement, section 120B.301, is amended to read:

#### **120B.301 LIMITS ON LOCAL TESTING.**

(a) For students in grades 1 through 6, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed ten hours per school year. For students in grades 7 through 12, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed 11 hours per school year. For purposes of this paragraph, International Baccalaureate and Advanced Placement exams are not considered locally adopted assessments.

(b) A district or charter school is exempt from the requirements of paragraph (a), if the district or charter school, in consultation with the exclusive representative of the teachers or other teachers if there is no exclusive representative of the teachers, decides to exceed a time limit in paragraph (a) and includes in the report required under section 120B.11, subdivision 5.

(c) A district or charter school, before the first day of each school year, must publish on its Web site a comprehensive calendar of standardized tests to be administered in the district or charter school during that school year. The calendar must provide the rationale for administering each assessment and indicate whether the assessment is a local option or required by state or federal law.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

#### **Sec. 20. [120B.304] SCHOOL DISTRICT ASSESSMENT COMMITTEE.**

(a) A school district that does not have an agreement between the school board and the exclusive representative of the teachers about selecting assessments must establish a district assessment committee to advise the school board on administering standardized assessments to students in addition to the assessments required under section 120B.30 and applicable federal law unless paragraph (b) applies. The committee must include an equal number of teachers and administrators

and at least one parent of a student in the district and may include at least one representative from each school site in the district.

(b) A school district may seek this assessment advice from the district advisory committee under section 120B.11, subdivision 3, instead of establishing a committee under this section.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 21. Minnesota Statutes 2015 Supplement, section 120B.31, subdivision 4, is amended to read:

Subd. 4. **Student performance data.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate and disaggregate student data over time to report summary student performance and growth levels and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data measured at the school, school district, and statewide level. When collecting and reporting the performance data, The commissioner shall use the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and student categories of homelessness, ethnicity, race, home language, immigrant, refugee status, English learners under section 124D.59, free or reduced-price lunch, and other categories designated by federal law to organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time, including student homelessness, as data are available, among other demographic factors. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 22. Minnesota Statutes 2014, section 120B.31, is amended by adding a subdivision to read:

Subd. 4a. **Student participation.** The commissioner shall create and publish a form for parents and guardians to complete if they refuse to have their student participate in state or locally required standardized testing. The form must state why there are state academic standards, indicate which tests are aligned with state standards, and what consequences, if any, the school or student may face if a student does not participate in state or locally required standardized testing. This form must ask parents to indicate a reason for their refusal.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 23. Minnesota Statutes 2014, section 120B.31, subdivision 5, is amended to read:

Subd. 5. **Parent Access to information.** To ensure the effective involvement of parents and to support a partnership between the school and parents, each district shall annually provide parents and teachers a timely written summary, in an electronic or other format, of their student's current and longitudinal performance and progress on the state's academic content standards as measured by state assessments. Providing parents with a summary prepared by the Department of Education fulfills the requirements of this subdivision.

Sec. 24. Minnesota Statutes 2014, section 120B.31, is amended by adding a subdivision to read:

Subd. 6. Retaliation prohibited. An employee who discloses information to the commissioner or a parent or guardian about service disruptions or technical interruptions related to administering assessments under this section is protected under section 181.932, governing disclosure of information by employees.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 25. Minnesota Statutes 2014, section 120B.35, is amended to read:

**120B.35 STUDENT ACADEMIC ACHIEVEMENT AND GROWTH.**

Subdivision 1. **School and Student indicators of growth and achievement.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student growth, consistent with the statewide educational accountability and reporting system. The system components must measure and separately report the adequate yearly progress federal expectations of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational growth over time under subdivision 3. The system also must include statewide measures of student academic growth that identify schools with high levels of growth, and also schools with low levels of growth that need improvement. ~~When determining a school's effect,~~ The data must include both statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels.

Subd. 2. **Federal Expectations for student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet federal expectations. If student achievement levels at a school site do not meet federal expectations ~~and the site has not made adequate yearly progress for two consecutive school years, beginning with the 2001-2002 school year,~~ the district must work with the school site to adopt a plan to raise student achievement levels to meet federal expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

(b) School sites identified as not meeting federal expectations must develop continuous improvement plans in order to meet federal expectations for student academic achievement. The department, at a district's request, must assist the district and the school site sites in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) assist school sites and districts identified as not meeting federal expectations; and

(2) provide technical assistance to schools that integrate student achievement measures into the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make aggregated and disaggregated student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data on every school and district available to parents, teachers, administrators, community members, and the general public, consistent with this section.

**Subd. 3. State growth target; other state measures.** (a)(1) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(2) For purposes of paragraphs (b), (c), and (d), the commissioner must analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; refugee status; English learners under section 124D.59; home language; free or reduced-price lunch; immigrant; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for

postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the ~~nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).~~

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school, consistent with the student categories identified under paragraph (a), clause (2). The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

- (1) the four- and six-year graduation rates of students under this paragraph;
- (2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and
- (3) the success that learning year program providers experience in:
  - (i) identifying at-risk and off-track student populations by grade;
  - (ii) providing successful prevention and intervention strategies for at-risk students;
  - (iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and
  - (iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

**Subd. 4. Improving schools.** Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must annually report to the public and the legislature best practices implemented in those schools that demonstrate high growth compared to the state growth target are identified as high performing under federal expectations.

**Subd. 5. Improving graduation rates for students with emotional or behavioral disorders.** (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4889 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 26. Minnesota Statutes 2014, section 120B.36, as amended by Laws 2015, First Special Session chapter 3, article 2, section 8, is amended to read:

### **120B.36 SCHOOL ACCOUNTABILITY; APPEALS PROCESS.**

**Subdivision 1. School performance reports.** (a) The commissioner shall report student academic performance data under section 120B.35, subdivision subdivisions 2 and 3; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of all English learners under section 124D.59, subdivisions 2 and 2a enrolled in a Minnesota public school course or program who are currently or were previously counted as English learners under section 124D.59; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; foster care status, including all students enrolled in a Minnesota public school course or program

who are currently or were previously in foster care, student homelessness, and district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance reports.

(c) The commissioner must make available performance reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status results in a form and manner determined by the commissioner and consistent with federal law. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner shall post the school performance reports no later than October 1.

Subd. 2. **Adequate yearly Student progress and other data.** (a) All data the department receives, collects, or creates under section 120B.11, governing the world's best workforce or to determine adequate yearly progress status under Public Law 107-110, section 1116 federal expectations under the most recently reauthorized Elementary and Secondary Education Act, set state growth targets, and determine student growth, learning, and outcomes under section 120B.35 are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data.

(b) Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2) the most recently reauthorized federal Elementary and Secondary Education Act. The commissioner shall annually post federal adequate yearly progress data expectations and state student growth, learning, and outcome data to the department's public Web site no later than September 1, except that in years when adequate yearly progress reflects data or federal expectations reflect new performance standards, the commissioner shall post federal adequate yearly progress data on federal expectations and state student growth data no later than October 1.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

**Sec. 27. [121A.065] DISTRICT SURVEYS TO COLLECT STUDENT INFORMATION; PARENT NOTICE AND OPPORTUNITY FOR OPTING OUT.**

(a) School districts and charter schools, in consultation with parents, must develop and adopt policies on conducting student surveys and using and distributing personal information on students collected from the surveys. School districts and charter schools must:

(1) directly notify parents of these policies at the beginning of each school year and after making any substantive policy changes;

(2) inform parents at the beginning of the school year if the district or school has identified specific or approximate dates for administering surveys and give parents reasonable notice of planned surveys scheduled after the start of the school year;

(3) give parents direct, timely notice, by United States mail, e-mail, or other direct form of communication, when their students are scheduled to participate in a student survey; and

(4) give parents the opportunity to review the survey and to opt their students out of participating in the survey.

(b) School districts and charter schools must not impose an academic or other penalty upon a student who opts out of participating in a survey under paragraph (a).

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 28. Minnesota Statutes 2014, section 121A.53, is amended to read:

**121A.53 REPORT TO COMMISSIONER OF EDUCATION.**

Subdivision 1. **Exclusions and expulsions; physical assaults.** The school board must report through the department electronic reporting system each exclusion or expulsion and each physical assault of a district employee by a student within 30 days of the effective date of the dismissal action or assault to the commissioner of education. This report must include a statement of alternative educational services, or other sanction, intervention, or resolution in response to the assault given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the student's age, grade, gender, race, and special education status.

Subd. 2. **Report.** (a) The school board must include state student identification numbers of affected pupils on all dismissal and other disciplinary reports required by the department. The department must report annually to the commissioner summary data on the number of dismissals and physical assaults of district employees by a student by age, grade, gender, race, and special education status of the affected pupils. All dismissal and other disciplinary reports must be submitted through the department electronic reporting system.

(b) The commissioner must aggregate the district data reported under this section and include the aggregated data, including aggregated data on physical assaults of a district employee by a student, in the annual school performance reports under section 120B.36.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 29. Minnesota Statutes 2014, section 121A.61, subdivision 3, is amended to read:

Subd. 3. **Policy components.** The policy must include at least the following components:

(a) rules governing student conduct and procedures for informing students of the rules;

(b) the grounds for removal of a student from a class;

(c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;

- (e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;
- (f) provisions relating to the responsibility for and custody of a student removed from a class;
- (g) the procedures for return of a student to the specified class from which the student has been removed;
- (h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;
- (i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;
- (j) any procedures determined appropriate for encouraging early detection of behavioral problems;
- (k) any procedures determined appropriate for referring a student in need of special education services to those services;
- (l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individualized education program of a student with a disability who is removed from class;
- (m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;
- (n) the minimum consequences for violations of the code of conduct;
- (o) procedures for immediate and appropriate interventions tied to violations of the code;
- (p) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws; and
- (q) an agreement regarding procedures to coordinate crisis services to the extent funds are available with the county board responsible for implementing sections 245.487 to 245.4889 for students with a serious emotional disturbance or other students who have an individualized education program whose behavior may be addressed by crisis intervention; and
- (r) a provision that states a student must be removed from class immediately if the student engages in assault or violent behavior. For purposes of this paragraph, "assault" has the meaning given it in section 609.02, subdivision 10. The removal shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

Sec. 30. Minnesota Statutes 2014, section 121A.64, is amended to read:

**121A.64 NOTIFICATION; TEACHERS' LEGITIMATE EDUCATIONAL INTEREST.**

(a) A classroom teacher has a legitimate educational interest in knowing which students placed in the teacher's classroom have a history of violent behavior, including any documented physical assault of a district employee by the student, and must be notified before such students are placed in the teacher's classroom.

(b) Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to the model policy on student records adopted under Laws 1999, chapter

241, article 9, section 50, and any modifications adopted under Laws 2003, First Special Session chapter 9, for notifying classroom teachers and other school district employees having a legitimate educational interest in knowing about students with a history of violent behavior, including any documented physical assault of a district employee by students placed in classrooms. The representatives of the school board and the exclusive representative of the teachers also may discuss the need for intervention services or conflict resolution or training for staff related to placing students with a history of violent behavior in teachers' classrooms.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 31. Minnesota Statutes 2014, section 123B.045, is amended by adding a subdivision to read:

Subd. 2a. Teacher-governed schools; grants. (a) Consistent with subdivision 1 authorizing a school board to agree to assign certain autonomies and responsibilities to a school site, and subject to a memorandum of understanding between the school board and the exclusive representative of the teachers, a grant program is established to encourage licensed teachers employed at a school site to explore and develop organizational models for teaching and learning; provide curriculum and corresponding formative, interim, and summative assessments; measure and evaluate teacher performance; assign teaching positions and restructure instructional work; provide professional development to support teachers restructuring their work; allocate revenue; assert autonomy and leadership; and pursue other such policies, strategies, and activities for creating teacher-governed schools.

(b) The commissioner, after receiving documentation of the approved agreement between the parties under subdivision 1, paragraph (d), shall award grants on a first-come, first-served basis until appropriated funds are expended according to this paragraph:

- (1) a planning grant of up to \$50,000 during the first year of the parties' agreement; and
- (2) an implementation grant of up to \$100,000 during each of the next two years of the parties' agreement.

(c) A grant recipient that terminates an agreement before the end of a school year must return a pro rata portion of the grant to the commissioner, the amount of which the commissioner must determine based upon the number of school days remaining in the school year after the agreement is terminated. Grant recipients are encouraged to seek matching funds or in-kind contributions from nonstate sources to supplement the grant awards.

(d) A school district receiving a grant must transmit to the commissioner in an electronic format and post on its Web site by the end of the school year readily accessible information about recommended best practices based on its experience and progress under this section. The commissioner must make information about these recommended best practices readily available to interested districts and schools throughout Minnesota.

Sec. 32. Minnesota Statutes 2014, section 124D.03, subdivision 5a, is amended to read:

Subd. 5a. Lotteries. If a school district has more applications than available seats at a specific grade level, it must hold an impartial lottery following the January 15 deadline to determine which students will receive seats. Siblings of currently enrolled students and, applications related to an approved integration and achievement plan, and children of the school district's staff must receive

priority in the lottery. The process for the school district lottery must be established in school district policy, approved by the school board, and posted on the school district's Web site.

**EFFECTIVE DATE.** This section is effective the day following final enactment for nonresident pupil applications not yet accepted or rejected by the school district.

Sec. 33. Minnesota Statutes 2014, section 124D.15, subdivision 3a, is amended to read:

Subd. 3a. **Application and reporting requirements.** (a) A school readiness program provider must ~~submit include~~ a biennial plan for approval by the commissioner before receiving aid under section 124D.16. The plan must describe ~~in the district's world's best workforce plan under section 120B.11, describing how the school readiness program~~ meets the program requirements under subdivision 3. A school district by April 1 must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half the districts must first submit the plan by April 1, 2006, and one-half the districts must first submit the plan by April 1, 2007, as determined by the commissioner.

(b) Programs receiving school readiness funds annually must submit a report to the department.

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

Sec. 34. Minnesota Statutes 2015 Supplement, section 124D.231, subdivision 2, is amended to read:

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

(b) An eligible school site may receive up to \$100,000 ~~\$150,000~~ annually. School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site.

(c) Of grants awarded, implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g). If the site decides not to use planning funds, the plan must be submitted with the application.

(d) The commissioner shall dispense the funds to consider additional school factors when dispensing funds including: schools with significant populations of students receiving free or reduced-price lunches. Schools with significant homeless and highly mobile students shall also be a priority. The commissioner must also dispense the funds in a manner to ensure rates; and equity among urban, suburban, and greater Minnesota schools.

(e) A school site must establish a school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming at each covered site. The school leadership team shall have between 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full-service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

(f) School sites must complete a baseline analysis prior to beginning programming as a full-service community school. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, which shall include the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

(A) number and percentage of students with disabilities and needs of these students;

(B) number and percentage of students who are English learners and the needs of these students;

(C) number of students who are homeless or highly mobile; and

(D) number and percentage of students receiving free or reduced-price lunch and the needs of these students;

(iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;

(iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including, but not limited to, students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;

(v) analysis of school achievement data disaggregated by major demographic categories, including, but not limited to, race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;

(vi) analysis of current parent engagement strategies and their success; and

(vii) evaluation of the need for and availability of wraparound services, including, but not limited to:

(A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and

(B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;

(2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who may be able to provide support and resources; and

(3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:

- (i) the need for high-quality, full-day child care and early childhood education programs;
- (ii) the need for physical and mental health care services for children and adults; and
- (iii) the need for job training and other adult education programming.

(g) Each school site receiving funding under this section must establish at least two of the following types of programming:

(1) early childhood:

- (i) early childhood education; and
- (ii) child care services;

(2) academic:

- (i) academic support and enrichment activities, including expanded learning time;
- (ii) summer or after-school enrichment and learning experiences;
- (iii) job training, internship opportunities, and career counseling services;
- (iv) programs that provide assistance to students who have been truant, suspended, or expelled; and

(v) specialized instructional support services;

(3) parental involvement:

(i) programs that promote parental involvement and family literacy, including the Reading First and Early Reading First programs authorized under part B of title I of the Elementary and Secondary Education Act of 1965, United States Code, title 20, section 6361, et seq.;

(ii) parent leadership development activities; and

(iii) parenting education activities;

(4) mental and physical health:

(i) mentoring and other youth development programs, including peer mentoring and conflict mediation;

(ii) juvenile crime prevention and rehabilitation programs;

(iii) home visitation services by teachers and other professionals;

(iv) developmentally appropriate physical education;

- (v) nutrition services;
  - (vi) primary health and dental care; and
  - (vii) mental health counseling services;
- (5) community involvement:
- (i) service and service-learning opportunities;
  - (ii) adult education, including instruction in English as a second language; and
  - (iii) homeless prevention services;
- (6) positive discipline practices; and

(7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.

(h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:

- (1) timely establishment and consistent operation of the school leadership team;
- (2) maintenance of attendance records in all programming components;
- (3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;
- (4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;
- (5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;
- (6) ensuring compliance with the district nondiscrimination policy; and
- (7) plan for school leadership team development.

Sec. 35. Minnesota Statutes 2014, section 124D.59, is amended by adding a subdivision to read:

Subd. 9. English learner data. When data on English learners are reported for purposes of educational accountability, English learner data must include all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under this section. Reported data must be disaggregated by currently counted and previously counted English learners.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 36. Minnesota Statutes 2015 Supplement, section 124D.73, subdivision 4, is amended to read:

**Subd. 4. Participating school; American Indian school.** "Participating school" and "American Indian school" mean a school that:

- (1) is not operated by a school district; and
- (2) is eligible for a grant under federal Title VII of the Elementary and Secondary Education Act for the education of American Indian children.

**Sec. 37. [124D.8957] PREKINDERGARTEN THROUGH GRADE 12 PARENTAL RIGHTS CODED ELSEWHERE.**

Subdivision 1. Scope. The sections referred to in subdivisions 2 to 30 are codified outside this section. Those sections include many but not all the sections governing parental rights related to topics in prekindergarten through grade 12 education.

Subd. 2. Compulsory instruction. Parental rights related to compulsory instruction, including the right to withdraw a child from school; to receive notice related to transfer of disciplinary records; to excuse a child from school for illnesses, appointments, or religious events; and the right of noncustodial parents to access school records and conferences, among other rights, are governed by section 120A.22.

Subd. 3. Longitudinal data. The parental right to annual summary longitudinal performance and progress data is governed by section 120B.31.

Subd. 4. Antibullying. Parental rights related to school district antibullying policies, including the right to be involved in developing the policies, the right to be notified of incidents of prohibited conduct, and the right to be informed of data practices laws, are governed by section 121A.031.

Subd. 5. Student discipline policies. The parental right to notice in student discipline policies of rights under the Safe and Supportive Minnesota Schools Act is governed by section 121A.0311.

Subd. 6. Early childhood development screening. Parental rights to certain notice requirements related to early childhood development screening and to receive results of early childhood development screening are governed by section 121A.17. The parental right to provide consent before individual screening data may be disclosed to a school district is governed by section 121A.18.

Subd. 7. Chemical abuse. The parental right to be informed of a reported case of chemical abuse by a minor student is governed by section 121A.26.

Subd. 8. Pesticides. The parental right to be notified regarding the use of pesticides at a school is governed by the Janet B. Johnson Parents' Right-to-Know Act under section 121A.30.

Subd. 9. Student dismissal. The parental right to notice and a meeting regarding the removal of a student for more than ten days is governed by section 121A.45.

Subd. 10. Exclusion and expulsion. The parental right to be included in exclusion or expulsion hearing procedures, including access to records, ability to testify and present evidence, and inclusion in the student's readmission plan, is governed by section 121A.47.

Subd. 11. Exclusion and expulsion appeal. The parental right to notice of the right to appeal an exclusion or expulsion decision is governed by section 121A.49.

Subd. 12. Reinstatement after termination of dismissal. The parental right to notice of a student's right to be reinstated after the termination of dismissal is governed by section 121A.54.

Subd. 13. **Interdistrict cooperation.** The parental right to notice of an informational school board meeting relating to discontinuing interdistrict cooperation is governed by section 123A.32.

Subd. 14. **Background checks.** The parental right to notice of a school's background check policy for hiring teachers is governed by section 123B.03.

Subd. 15. **Textbook fees.** The parental right to notice of a school board's policy to charge fees for textbooks lost or destroyed by students is governed by section 123B.37.

Subd. 16. **Transportation privileges.** The parental right to surrender a student's privilege to receive transportation services from a school district is governed by section 123B.88.

Subd. 17. **Nonresident district policies.** The parental right to receive notice of: a decision on an application by a student to attend school in a nonresident district; the transportation policies of the nonresident district; and the right to be reimbursed for costs of transportation to the nonresident district's border are governed by section 124D.03.

Subd. 18. **Out-of-state districts.** Under section 124D.04, the parental rights related to a student attending a nonresident district under section 124D.03 apply to a student attending an out-of-state district.

Subd. 19. **Free or reduced-price lunch eligibility.** The parental right to opt a child out of disclosing a child's eligibility for free or reduced-price lunch to the Department of Education and the Department of Human Services is governed by section 124D.1115.

Subd. 20. **Learning year programs.** The parental right to notice of optional learning year programs is governed by section 124D.128.

Subd. 21. **English learners programs.** Parental rights related to student enrollment in programs for English learners, including notice, withdrawal, and parental involvement, are governed by section 124D.60.

Subd. 22. **Charter school transportation.** The parental right to receive pupil transportation information from the charter school or school district providing transportation services to a charter school student is governed by section 123B.88.

Subd. 23. **Services for children with disabilities.** The parental right to be included in determining the appropriate and necessary services for students with disabilities is governed by section 125A.027.

Subd. 24. **Data on children with disabilities.** The parental right to notice and involvement regarding online reporting of data related to children with disabilities is governed by section 125A.085.

Subd. 25. **Special education alternative dispute resolution.** Parental rights regarding notice, participation, and due process related to special education alternative dispute resolution procedures are governed by section 125A.091.

Subd. 26. **Third-party reimbursement for children with disabilities.** The parental right to notice of a school district seeking reimbursement from medical assistance or MinnesotaCare for services rendered to a student with a disability is governed by section 125A.21.

Subd. 27. Services provided to children with disabilities. Parental rights related to services provided to students eligible for Part C services under the Individuals with Disabilities Education Act and the right to receive written materials regarding the implementation of Part C services are governed by sections 125A.42 and 125A.48. The parental right to use mediation to resolve disputes under section 125A.42 is governed by section 125A.43.

Subd. 28. Minnesota State Academies discharge. The parental right to notice of a student's discharge from the Minnesota State Academies is governed by section 125A.68.

Subd. 29. Education records for military children. The parental right to education records under the Interstate Compact on Educational Opportunity for Military Children is governed by section 127A.85.

Subd. 30. Appeal adverse school board decision. The parental right to appeal a school board decision adversely affecting an academic program of an enrolled student is governed by section 129C.10, subdivision 36.

Sec. 38. Minnesota Statutes 2014, section 125A.56, subdivision 1, is amended to read:

**Subdivision 1. Requirement.** (a) Before a pupil is referred for a special education evaluation, the district must conduct and document at least two instructional strategies, alternatives, or interventions using a system of scientific, research-based instruction and intervention in academics or behavior, based on the pupil's needs, while the pupil is in the regular classroom. The pupil's teacher must document the results. A special education evaluation team may waive this requirement when it determines the pupil's need for the evaluation is urgent. This section may not be used to deny a pupil's right to a special education evaluation.

(b) A school district shall use alternative intervention services, including the assurance of mastery program under section 124D.66, or an early intervening services program under subdivision 2 to serve at-risk pupils who demonstrate a need for alternative instructional strategies or interventions.

(c) A student identified as being unable to read at grade level under section 120B.12, subdivision 2, paragraph (a), must be provided with alternate instruction under this subdivision.

Sec. 39. Minnesota Statutes 2014, section 127A.095, is amended to read:

**127A.095 IMPLEMENTATION OF NO CHILD LEFT BEHIND ACT ELEMENTARY AND SECONDARY EDUCATION ACT.**

**Subdivision 1. Continued implementation.** The Department of Education shall continue to implement the federal No Child Left Behind Act, Public Law 107-110, Elementary and Secondary Education Act without interruption.

**Subd. 2. No Child Left Behind review.** (a) The legislature intends to require the Department of Education to conduct a comprehensive review of the consolidated state plan the state submitted to the federal Department of Education to implement the No Child Left Behind Act. The Minnesota Department of Education shall seek waivers under paragraph (b). If the Department of Education is unable to obtain waivers under paragraph (b), it should recommend in its report under paragraph (b) whether the state should opt out of the No Child Left Behind Act.

(b) The commissioner, by January 15, 2008, shall report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance whether the department has received approval from the federal Department of Education to:

- (1) participate in the growth model pilot program;
- (2) exclude from sanctions schools that have not made adequate yearly progress due solely to a subgroup of students with disabilities not testing at a proficient level;
- (3) identify a school as not making adequate yearly progress only after the school has missed the adequate yearly progress targets in the same subgroup for two consecutive years;
- (4) determine when to hold schools accountable for including an English learner in adequate yearly progress calculations;
- (5) allow a district not making adequate yearly progress to offer supplemental educational services as an option before offering school choice;
- (6) allow a district not making adequate yearly progress to also be the supplemental educational services provider;
- (7) allow the state to maintain a subgroup size to 40 for the purposes of calculating adequate yearly progress for subgroups of English learners and subgroups of students with disabilities; and
- (8) create flexibility to enable the state to define and identify highly qualified teachers.

Subd. 3. **Department of Management and Budget certification.** If the federal Department of Education does not transmit to the commissioner of education its approval of the conditions in subdivision 2, paragraph (b), the commissioner of management and budget shall certify and report to the legislature annually beginning January 1, 2008, the amount of federal revenue, if any, that the federal government may withhold as a result of a potential state decision to discontinue implementation of the No Child Left Behind Act Elementary and Secondary Education Act. The report shall also specify the intended purpose of the federal revenue and the amount of revenue that the federal government may withhold from the state, each school district, and each charter school in each fiscal year.

Sec. 40. Minnesota Statutes 2014, section 129C.10, subdivision 1, is amended to read:

**Subdivision 1. Governance.** (a) The board of the Perpich Center for Arts Education shall consist of 15 persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

(b) All board members must complete board training requirements consistent with section 127A.19.

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

Sec. 41. Minnesota Statutes 2015 Supplement, section 136F.302, subdivision 1, is amended to read:

**Subdivision 1. ACT college ready score; Minnesota Comprehensive Assessment career and college ready benchmarks.** A state college or university may must not require an individual to take a remedial, noncredit course in a subject area if the individual has received a college ready ACT score or met a career and college ready Minnesota Comprehensive Assessment benchmark in that subject

area. Only the ACT and SAT scores an individual received and the Minnesota Comprehensive Assessment benchmarks an individual met in the previous five years are valid for purposes of this section. Each state college and university must post notice of the exemption from remedial course taking on its Web site explaining student course placement requirements.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

**Sec. 42. [136F.3025] MINNESOTA COMPREHENSIVE ASSESSMENT CAREER AND COLLEGE READY BENCHMARKS; REMEDIAL EDUCATION.**

(a) A state college or university must not require an individual to take a remedial, noncredit course in a subject area if the individual has received a career and college ready Minnesota Comprehensive Assessment benchmark in that subject area, consistent with benchmarks established by the commissioner of education pursuant to section 120B.30, subdivision 1, paragraph (m).

(b) As part of the notification of high school students and their families under section 120B.30, subdivision 1, paragraph (m), the commissioner shall include a statement that students who receive a college ready benchmark on the high school MCA are not required to take a remedial, noncredit course at a Minnesota state college or university in the corresponding subject area.

**EFFECTIVE DATE.** If the chancellor approves the career and college ready benchmarks, paragraph (a) must be effective for the 2016-2017 school year, if practicable, but no later than the 2017-2018 school year. If the chancellor does not approve the benchmarks, paragraph (a) is effective upon the establishment of revised benchmarks. Paragraph (b) is effective for the 2016-2017 school year and later.

Sec. 43. Laws 2015, chapter 69, article 1, section 3, subdivision 28, is amended to read:

Subd. 28. Teacher Shortage Loan Forgiveness	200,000	2,200,000
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For the loan forgiveness program under Minnesota Statutes, section 136A.1791.

The commissioner may use no more than three percent of this appropriation to administer the program under this subdivision. The base for the program for fiscal year 2018 and later is \$200,000.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and any unexpended funds in fiscal year 2017 do not cancel and remain available until June 30, 2019.

Sec. 44. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 2, is amended to read:

Subd. 2. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$	78,331,000	.....	2016
	<u>78,907,000</u>		

	<u>87,147,000</u>	
\$	<u>89,049,000</u>	..... 2017

The 2016 appropriation includes \$7,766,000 for 2015 and ~~\$70,565,000~~ \$71,141,000 for 2016.

The 2017 appropriation includes ~~\$7,840,000~~ \$7,876,000 for 2016 and ~~\$79,307,000~~ \$81,173,000 for 2017.

Sec. 45. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 3, is amended to read:

**Subd. 3. Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

	<u>65,539,000</u>	
\$	<u>65,439,000</u>	..... 2016
	<u>68,745,000</u>	
\$	<u>69,372,000</u>	..... 2017

The 2016 appropriation includes \$6,382,000 for 2015 and ~~\$59,157,000~~ \$59,057,000 for 2016.

The 2017 appropriation includes ~~\$6,573,000~~ \$6,561,000 for 2016 and ~~\$62,172,000~~ \$62,811,000 for 2017.

Sec. 46. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 6, is amended to read:

**Subd. 6. Reading Corps.** For grants to ServeMinnesota for the Minnesota Reading Corps under Minnesota Statutes, section 124D.42, subdivision 8:

	6,125,000	..... 2016
	<u>6,125,000</u>	
\$	<u>7,125,000</u>	..... 2017

Any balance in the first year does not cancel but is available in the second year until June 30, 2019. The base appropriation for fiscal year 2018 and later years is \$5,625,000.

Sec. 47. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 12, is amended to read:

**Subd. 12. Collaborative urban educator.** For the collaborative urban educator grant program:

	780,000	..... 2016
	<u>780,000</u>	
\$	<u>1,090,000</u>	..... 2017

Grants shall be awarded in equal amounts: ~~\$195,000~~ \$272,500 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; ~~\$195,000~~ \$272,500 each year is for the collaborative urban educator program at the University of St. Thomas; ~~\$195,000~~ \$272,500 each year is for the Center for Excellence in Urban Teaching at Hamline University; and ~~\$195,00~~ \$272,500 each year is for the East Africa Student to Teacher program at Augsburg College.

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

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced. The report must also include the graduation rate for each cohort of teacher candidates, the placement rate for each graduating cohort of teacher candidates, and the retention rate for each graduating cohort of teacher candidates, among other program outcomes.

The base appropriation for fiscal year 2018 and later is \$780,000. Grants shall be awarded in equal amounts: \$195,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$195,000 each year is for the collaborative urban educator program at the University of St. Thomas; \$195,000 each year is for the Center for Excellence in Urban Teaching at Hamline University; and \$195,000 each year is for the East Africa Student to Teacher program at Augsburg College.

Sec. 48. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 15, is amended to read:

**Subd. 15. Museums and Education Centers.** For grants to museums and education centers:

\$	351,000	.....	2016
	<u>351,000</u>		
\$	<u>401,000</u>	.....	2017

(a) \$260,000 each year is for the Minnesota Children's Museum.

(b) \$50,000 each year is for the Duluth Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$50,000 in fiscal year 2017 and later is for the Headwaters Science Center for hands-on science, technology, engineering, and math (STEM) education.

Any balance in the first year does not cancel but is available in the second year. The base in fiscal year 2018 is \$401,000.

Sec. 49. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 19, is amended to read:

**Subd. 19. Full-service community schools.** For full-service community schools under Minnesota Statutes, section 124D.231:

\$	250,000	.....	2016
	<u>250,000</u>		
\$	<u>1,250,000</u>	.....	2017

This is a onetime appropriation. Up to \$50,000 each year is for administration of this program. Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 is \$0.

Sec. 50. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 21, is amended to read:

Subd. 21. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	190,000	.....	2016
\$	<del>190,000</del> <ins>460,000</ins>	.....	2017

Sec. 51. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 24, is amended to read:

Subd. 24. **Race 2 Reduce.** For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

\$	81,000	.....	2016
	<del>69,000</del>		
\$	<ins>219,000</ins>	.....	2017

In the first year, \$28,000 is for H2O for Life; \$38,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi. In the second year, ~~\$32,000~~ \$102,000 is for H2O for Life; ~~\$22,000~~ \$70,000 is for Independent School District No. 624, White Bear Lake; and ~~\$15,000~~ \$47,000 is for Independent School District No. 832, Mahtomedi.

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 and later is ~~\$0~~ \$307,000, and the commissioner shall proportionately increase the grant amount to each recipient.

Sec. 52. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 26, is amended to read:

Subd. 26. **Education partnership pilots.** (a) For education partnership pilot grants:

\$	501,000	.....	2016
	<del>501,000</del>		
\$	<ins>531,000</ins>	.....	2017

(b) Of this amount, ~~\$167,000 in fiscal year 2016 and \$177,000 in each fiscal year 2017~~ is for the Northfield Healthy Community Initiative for a pilot site in Northfield; ~~\$167,000 in fiscal year 2016 and \$177,000 in each fiscal year 2017~~ is for the Jones Family Foundation for a pilot site in Red Wing; and ~~\$167,000 in fiscal year 2016 and \$177,000 in each fiscal year 2017~~ is for Independent School District No. 742, St. Cloud, for a pilot site in St. Cloud. Each partnership pilot program shall support community collaborations focused on academic achievement and youth development, use a comprehensive and data-driven approach to increase student success, and measure outcomes, such as kindergarten readiness, reading proficiency at third grade, high school graduation, and college and career readiness. By February 15, 2016, and by February 15 of every subsequent even-numbered year, each partnership pilot grant recipient shall submit to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education

a report describing the activities funded by the grant, changes in outcome measures attributable to the grant-funded activities, and the recipient's program plan for the following year.

~~This is a onetime appropriation.~~

(c) The base for this program is \$0 for fiscal year 2018.

(d) Any balance from the first year may carry forward into the second year.

Sec. 53. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 6, is amended to read:

**Subd. 6. Northside Achievement Zone.** For a grant to the Northside Achievement Zone:

\$	1,200,000	.....	2016
	<del>1,200,000</del>		
\$	<u>1,210,000</u>	.....	2017

Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for Northside Achievement Zone programming and services consistent with federal Promise Neighborhood program agreements and requirements.

The base for this program is \$1,200,000 for fiscal year 2018 and later.

Sec. 54. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 7, is amended to read:

**Subd. 7. St. Paul Promise Neighborhood.** For a grant to the St. Paul Promise Neighborhood:

\$	1,200,000	.....	2016
	<del>1,200,000</del>		
\$	<u>1,210,000</u>	.....	2017

Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for St. Paul Promise Neighborhood programming and services consistent with federal Promise Neighborhood program agreements and requirements.

The base for this program is \$1,200,000 for fiscal year 2018 and later.

**Sec. 55. AGRICULTURAL EDUCATOR GRANTS.**

Subdivision 1. Grant program established. A grant program is established to support school districts in paying agricultural education teachers for work over the summer with high school students in extended projects.

Subd. 2. Application. The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants, including appropriate goals for the use of the grants.

Subd. 3. **Grant awards.** Grant funding under this section must be matched by funding from the school district for the agricultural education teacher's summer employment. Grant funding for each teacher is limited to the one-half share of 40 working days.

Subd. 4. **Reports.** School districts that receive grant funds shall report to the commissioner of education no later than December 31 of each year regarding the number of teachers funded by the grant program and the outcomes compared to the goals established in the grant application. The Department of Education shall develop the criteria necessary for the reports.

**Sec. 56. SUPPORT OUR STUDENTS GRANT PROGRAM.**

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

(1) "student support services personnel" includes individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota; and

(2) "new position" means a student support services personnel full-time or part-time position not under contract by a school at the start of the 2015-2016 school year.

Subd. 2. **Purpose.** The purpose of the support our students grant program is to:

(1) address shortages of student support services personnel within Minnesota schools;

(2) decrease caseloads for existing student support services personnel to ensure effective services;

(3) ensure that students receive effective academic guidance and integrated and comprehensive services to improve kindergarten through grade 12 school outcomes and career and college readiness;

(4) ensure that student support services personnel serve within the scope and practice of their training and licensure;

(5) fully integrate learning supports, instruction, and school management within a comprehensive approach that facilitates interdisciplinary collaboration; and

(6) improve school safety and school climate to support academic success and career and college readiness.

Subd. 3. **Grant eligibility and application.** (a) A school district, charter school, intermediate school district, or other cooperative unit is eligible to apply for a six-year matching grant under this section.

(b) The commissioner of education shall specify the form and manner of the grant application. In awarding grants, the commissioner must give priority to schools in which student support services personnel positions do not currently exist. To the extent practicable, the commissioner must award grants equally between applicants in metro counties and nonmetro counties. Additional criteria must include at least the following:

(1) existing student support services personnel caseloads;

(2) school demographics;

- (3) Title I revenue;
- (4) Minnesota student survey data;
- (5) graduation rates; and
- (6) postsecondary completion rates.

Subd. 4. Allowed uses; match requirements. A grant under this section must be used to hire a new position. A school that receives a grant must match the grant with local funds in each year of the grant. In each of the first four years of the grant, the local match equals \$1 for every \$1 awarded in the same year. In years five and six of the grant, the local match equals \$3 for every \$1 awarded in the same year. The local match may not include federal reimbursements attributable to the new position.

Subd. 5. Report required. By February 1 following any fiscal year in which it received a grant, a school must submit a written report to the commissioner indicating how the new positions affected two or more of the following measures:

- (1) school climate;
- (2) attendance rates;
- (3) academic achievement;
- (4) career and college readiness; and
- (5) postsecondary completion rates.

**Sec. 57. STUDENT DISCIPLINE WORKING GROUP.**

(a) A Student Discipline Working Group is created to review the substance, application, and effect of Minnesota's Pupil Fair Dismissal Act under Minnesota Statutes, sections 121A.40 to 121A.56, and related student discipline provisions in Minnesota Statutes, chapter 121A, and submit written recommendations to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over education by February 1, 2017, on improving disciplinary policies, practices, and procedures as they affect students and school officials and the effects on student outcomes.

(b) Consistent with paragraph (a), the working group must analyze:

- (1) available summary data on elementary and secondary students' removal from class, suspensions, exclusions, and expulsions, disaggregated by categories of race, ethnicity, poverty, disabilities, homelessness, English language proficiency, gender, age, and foster care status;
- (2) the meaning and effect of "willful" in establishing grounds for dismissal under Minnesota Statutes, section 121A.45;
- (3) the impact of student misconduct on teacher safety;
- (4) district and school policies and standards to ensure minority students and English learners are not disproportionately determined eligible for special education services, dismissed from school or otherwise disciplined, placed in settings other than regular education classrooms, or dissuaded or otherwise prevented from taking rigorous or challenging courses;

(5) the impact of established policies and due process procedures on teacher safety and student outcomes;

(6) students' need for and access to professional support service providers such as school counselors, school social workers, school psychologists, and mental health professionals;

(7) the presence of school resource officers in school buildings, their role in effecting student discipline, and their impact on teacher safety and student outcomes;

(8) policies for retaining and destroying student disciplinary data;

(9) best practices for school discipline; and

(10) other related school discipline matters that are of concern to working group members.

(c) The working group consists of 21 members. By June 1, 2016, the executive director of each of the following organizations shall appoint one representative of that organization to serve as a member of the working group: the Minnesota School Boards Association; the Minnesota Association of School Administrators; Education Minnesota; the Minnesota Board of Peace Officer Standards and Training; the Minnesota Disability Law Center; the National Alliance of Mental Illness Minnesota; the Minnesota Association of Secondary School Principals; the Minnesota Elementary School Principals' Association; the Association of Metropolitan School Districts; the Minnesota Rural Education Association; the Minnesota School Counselors Association; the Minnesota School Psychologists Association; the Parent Advocacy Coalition for Educational Rights; Minnesota Administrators for Special Education; Schools for Equity in Education; Minnesota Education Equity Partnership; Educators for Excellence; the School Nurse Organization of Minnesota; the Minnesota Association of Charter Schools; the Minnesota Youth Council; the Minnesota School Social Workers Association; and the American Federation of State, County, and Municipal Employees (AFSCME). Working group members must seek advice from experts and stakeholders in developing their recommendations.

(d) The commissioner of education, or the commissioner's designee, must convene the first meeting of the working group. The working group must select a chair or cochairs from among its members at the first meeting. The working group must meet periodically. The commissioner must provide technical and administrative assistance to the working group upon request. Working group members are not eligible to receive expenses or per diem payments for serving on the working group.

(e) The working group expires February 2, 2017.

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

**Sec. 58. NORTHWEST REGIONAL PARTNERSHIP CONCURRENT ENROLLMENT PROGRAM.**

Subdivision 1. **Definition.** "Northwest Regional Partnership" means a voluntary association of the Lakes Country Service Cooperative, the Northwest Service Cooperative, and Minnesota State University-Moorhead that works together to provide coordinated higher learning opportunities for teachers.

Subd. 2. **Establishment.** Lakes Country Service Cooperative, in consultation with the Northwest Service Cooperative, may develop a continuing education program to allow eligible teachers to

attain the requisite graduate credits necessary to be qualified to teach secondary school courses for postsecondary credit.

Subd. 3. Curriculum development. Minnesota State University-Moorhead may develop an online education curriculum to allow eligible secondary school teachers to attain graduate credit at a reduced credit rate.

Subd. 4. Funding for course development; scholarships; stipends. Lakes Country Service Cooperative, in consultation with the other members of the Northwest Regional Partnership, shall:

(1) provide funding for course development for up to 18 credits in applicable postsecondary subject areas;

(2) provide scholarships for eligible teachers to enroll in the continuing education program; and

(3) develop criteria for awarding educator stipends on a per-credit basis to incentivize participation in the continuing education program.

Subd. 5. Participant eligibility. Participation in the continuing education program is reserved for teachers of secondary school courses for postsecondary credit. Priority must be given to teachers employed by a school district that is a member of the Lakes Country Service Cooperative or Northwest Service Cooperative. Teachers employed by a school district that is not a member of the Lakes Country Service Cooperative or Northwest Service Cooperative may participate in the continuing education program as space allows. A teacher participating in this program is ineligible to participate in other concurrent enrollment teacher training grant programs.

Subd. 6. Private funding. The partnership may receive private resources to supplement the available public money. All money received shall be administered by the Lakes Country Service Cooperative.

Subd. 7. Report required. Northwest Regional Partnership must submit an annual report by January 15 of each year on the progress of its activities to the legislature, commissioner of education, and Board of Trustees of the Minnesota State Colleges and Universities. The annual report shall contain a financial report for the preceding year. The first report is due no later than January 15, 2018.

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

**Sec. 59. GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS.**

Subdivision 1. Establishment. The commissioner of the Office of Higher Education must establish a grant program for student teaching stipends for low-income students enrolled in a Board of Teaching-approved teacher preparation program who are interested in teaching in a high needs subject area or region after graduating and receiving their teaching license. For purposes of this section, "high needs subject area or region" means a shortage of teachers teaching in particular subject areas or a shortage of teachers teaching in particular regions of the state identified in the commissioner of education's biennial survey of districts under Minnesota Statutes, section 127A.05, subdivision 6, or in another Department of Education survey on teacher shortages.

Subd. 2. Eligibility. To be eligible for a grant under this section, a teacher candidate must:

(1) be enrolled in a Board of Teaching-approved teacher preparation program that requires at least 12 weeks of student teaching and results in the teacher candidate receiving a full professional teaching license enabling the licensee to teach in a high needs subject area or region; and

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3.

Subd. 3. Administration; repayment. (a) The commissioner must establish an application process and other guidelines for implementing this program.

(b) The commissioner must determine each academic year the stipend amount based on the amount of available funding and the number of eligible applicants.

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

**Sec. 60. MINNESOTA COMPREHENSIVE ASSESSMENT COLLEGE READY BENCHMARKS; MINNESOTA STATE COLLEGES AND UNIVERSITIES PARTICIPATION.**

The chancellor of the Minnesota State Colleges and Universities must approve or reject the empirically derived benchmarks for the high school Minnesota Comprehensive Assessments established by the commissioner of education under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (m), no later than December 31, 2016. The chancellor's approval or rejection must be made in writing to the commissioner and, if the benchmarks are rejected, must describe the reasons for rejection and suggest appropriate revisions. If the chancellor rejects the benchmarks, the commissioner must establish revised benchmarks. The revised benchmarks must incorporate the chancellor's suggested revisions.

**EFFECTIVE DATE.** This section is effective the day following final enactment. If the established benchmarks are approved by the chancellor, the benchmarks must be effective for the 2016-2017 school year, if practicable, but no later than the 2017-2018 school year. If revised benchmarks are required, the benchmarks must be established and made effective no later than the 2018-2019 school year.

**Sec. 61. CERTIFICATION INCENTIVE REVENUE.**

Subdivision 1. Qualifying certificates. As soon as practicable, the commissioner of education, in consultation with the Governor's Workforce Development Council established under Minnesota Statutes, section 116L.665, and the P-20 education partnership operating under Minnesota Statutes, section 127A.70, must establish the list of qualifying career and technical certificates and post the names of those certificates on the Department of Education's Web site. The certificates must be in fields where occupational opportunities exist.

Subd. 2. School district participation. (a) A school board may adopt a policy authorizing its students in grades 9 through 12, including its students enrolled in postsecondary enrollment options courses under Minnesota Statutes, section 124D.09, the opportunity to complete a qualifying certificate. The certificate may be completed as part of a regularly scheduled course.

(b) A school district may register a student for any assessment necessary to complete a qualifying certificate and pay any associated registration fees for its students.

Subd. 3. Incentive funding. (a) A school district's career and technical certification aid equals \$500 times the district's number of students enrolled during the current fiscal year who have obtained one or more qualifying certificates during the current fiscal year.

(b) The statewide total certificate revenue must not exceed \$1,000,000. The commissioner must proportionately reduce the initial aid provided under this subdivision so that the statewide aid cap is not exceeded.

Subd. 4. Reports to the legislature. (a) The commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education by February 1, 2017, on the number and types of certificates authorized for the 2016-2017 school year. The commissioner must also recommend whether the pilot program should be continued.

(b) By February 1, 2018, the commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education about the number and types of certificates earned by Minnesota's students during the 2016-2017 school year.

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

**Sec. 62. APPROPRIATIONS.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Staff development grants for cooperative units. For payment of staff development grants to intermediate school districts and other cooperative units providing instruction to students in federal instructional settings of level 4 or higher:

\$ 4,500,000 .... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019. To the extent practicable, this appropriation should fund staff development grants for intermediate school districts and other cooperative units for fiscal years 2017, 2018, and 2019.

Subd. 3. Support our students grants. For support our students grants:

\$ 12,133,000 .... 2017

This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2022. The commissioner may not allot more than \$2,407,000 of this appropriation before July 1, 2017. Up to \$100,000 of this appropriation may be retained by the commissioner for administration of the grant program. Any balance remaining after June 30, 2022, shall cancel to the general fund.

Subd. 4. Northwest Regional Partnership concurrent enrollment program. For a grant to the Lakes Country Service Cooperative to operate a continuing education program:

\$ 3,000,000 .... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

**Subd. 5. Paraprofessional pathway to teacher licensure.** For grants to school districts for Grow Your Own new teacher programs:

\$ 1,500,000 .... 2017

The grants are for a first class city school district or any other school district with more than 40 percent minority students to provide tuition scholarships or stipends to eligible employees for a nonconventional teacher residency pilot program established under Minnesota Statutes, section 122A.09, subdivision 10, paragraph (a). The program shall provide tuition scholarships or stipends to enable education or teaching assistants or other nonlicensed employees of a first class city school district or any other school district with more than 40 percent minority students who hold a bachelor's degree from an accredited college or university and who seek an education license to participate in a Board of Teaching-approved nonconventional teacher residency program under Minnesota Statutes, section 122A.09, subdivision 10, paragraph (a). Any funds not awarded by June 1, 2017, may be reallocated among the remaining districts if the total cost of the program exceeds the original allocation. The base in fiscal year 2018 is \$1,000,000.

**Subd. 6. Sanneh Foundation.** For a grant to the Sanneh Foundation:

\$ 1,500,000 .... 2017

Funds appropriated in this section are to provide all-day, in-school, and after-school academic and behavioral interventions for low-performing and chronically absent students with a focus on low-income students and students of color throughout the school year and during the summer to decrease absenteeism, encourage school engagement, and improve grades and graduation rates. Funds appropriated in this section may be used to hire and train staff in areas of youth mentorship, behavior support, and academic tutoring in group and individual settings and to promote pathways for teachers of color.

This is a onetime appropriation. This appropriation is available until June 30, 2019.

**Subd. 7. Education Innovation Partners Cooperative Center.** For a matching grant to Education Innovation Partners Cooperative Center, No. 6091-50, to provide research-based professional development services, on-site training, and leadership coaching to teachers and other school staff:

\$ 500,000 .... 2017

A grant under this subdivision must be matched with money or in-kind contributions from nonstate sources. This is a onetime appropriation.

**Subd. 8. Western Minnesota mobile manufacturing lab.** For a transfer to the Pine to Prairie Cooperative Center:

\$ 900,000 .... 2017

The funds in this subdivision must be used to establish a western Minnesota mobile labs program, including manufacturing and welding labs to create interest in these careers for secondary students. The program must be operated by Pine to Prairie Cooperative Center in collaboration with Northland Community and Technical College, Lakes Country Service Cooperative, and Minnesota State Community and Technical College.

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 9. Teacher-governed school grants. For grants to teacher-governed schools under Minnesota Statutes, section 123B.045:

\$ 500,000 .... 2017

This is a onetime appropriation.

Subd. 10. Girls in Action grant. For a grant to the Girls in Action program to enable Girls in Action to continue to provide and to expand Twin Cities metropolitan area school and community-based programs that encourage and support low-income girls, including low-income girls of color, to graduate from high school on time, complete a postsecondary preparation program, become community leaders, and participate in service learning opportunities in their communities. Girls in Action must expend \$500,000 of this appropriation for community-based programs located in the Twin Cities metropolitan area:

\$ 1,500,000 .... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 11. Student teachers in shortage areas. For transfer to the commissioner of the Office of Higher Education for the purpose of providing grants to student teachers in shortage areas under Minnesota Statutes, section 136A.1275:

\$ 2,800,000 .... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 12. Minnesota Council on Economic Education. For a grant to the Minnesota Council on Economic Education to provide staff development to teachers for implementing the state graduation standards in learning areas relating to economic education:

\$ 250,000 .... 2017

The commissioner, in consultation with the council, shall develop expectations for staff development outcomes, eligibility criteria for participants, an evaluation procedure, and guidelines for direct and in-kind contributions by the council.

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 13. Singing-based pilot program to improve student reading. (a) For a grant to pilot a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 3 through 5:

\$ 100,000 .... 2017

(b) The commissioner of education shall award a grant to the Rock 'n' Read Project to implement in at least three Minnesota school districts, charter schools, or school sites, a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 3 through 5. The grantee shall be responsible for selecting participating school sites; providing any required hardware and software, including software licenses, for the duration of the

grant period; providing technical support, training, and staff to install required project hardware and software; providing on-site professional development and instructional monitoring and support for school staff and students; administering pre- and post-intervention reading assessments; evaluating the impact of the intervention; and other project management services as required. To the extent practicable, the grantee must select participating schools in urban, suburban, and greater Minnesota, and give priority to schools in which a high proportion of students do not read proficiently at grade level and are eligible for free or reduced-price lunch.

(c) By February 15, 2017, the grantee must submit a report detailing expenditures and outcomes of the grant to the commissioner of education and the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance.

(d) This is a onetime appropriation.

Subd. 14. **Agricultural educator grants.** For agricultural educator grants:

\$ 250,000 ..... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 15. **Certificate incentive funding.** For the certificate incentive program:

\$ 1,000,000 ..... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 16. **Grants for vision therapy pilot project.** (a) For a grant to Independent School District No. 12, Centennial, to implement a neuro-optometric vision therapy pilot project:

\$ 200,000 ..... 2017

This is a onetime appropriation and is available until June 30, 2019.

(b) In each year of the pilot project, second and third grade students identified by a set of criteria created by the district shall be admitted into the pilot study. Identified students shall have a comprehensive eye examination with written standard requirements of testing. Students identified with a diagnosis of convergence insufficiency must undergo a vision efficiency evaluation by a licensed optometrist or ophthalmologist trained in the evaluation of learning-related vision problems. The results of this examination shall determine whether a student will qualify for neuro-optometric vision therapy funded by the grant. The parent or guardian of a student who qualifies for the pilot program under this paragraph may submit a written notification to the school opting the student out of the program. The district must establish guidelines to provide quality standards and measures to ensure an appropriate diagnosis and treatment plan that is consistent with the convergence insufficiency treatment trial study.

(c) The commissioner of education must provide for an evaluation of the pilot project and make a report to the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance by January 15, 2020.

Subd. 17. **Southwest Minnesota State University special education teacher education program.** For the Southwest Minnesota State University special education teacher education

program to support Minnesota resident special education paraprofessionals working toward licensure in an online program:

\$ 385,000 .... 2017

The base for this program in fiscal year 2018 is \$0.

Subd. 18. **Student success grant.** For a grant to Independent School District No. 272, Eden Prairie, for career and college readiness coordination, counseling, academic support for middle and high school students, and summer activities and before and after school tutoring programs:

\$ 500,000 .... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

**Sec. 63. REPEALER.**

(a) Minnesota Statutes 2014, sections 122A.413, subdivision 3; and 122A.43, subdivision 6, are repealed.

(b) Minnesota Statutes 2015 Supplement, section 122A.413, subdivisions 1 and 2, are repealed.

**ARTICLE 26**

**CHARTER SCHOOL RECODIFICATION**

Section 1. Minnesota Statutes 2015 Supplement, section 124E.01, is amended to read:

**124E.01 PURPOSE AND APPLICABILITY.**

Subdivision 1. **Purposes.** The primary purpose of this chapter charter schools is to improve all pupil learning and all student achievement. Additional purposes include to:

- (1) increase learning opportunities for all pupils;
- (2) encourage the use of different and innovative teaching methods;
- (3) measure learning outcomes and create different and innovative forms of measuring outcomes;
- (4) establish new forms of accountability for schools; or
- (5) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

Subd. 2. **Applicability.** This chapter applies only to charter schools formed and operated under this chapter.

Sec. 2. Minnesota Statutes 2015 Supplement, section 124E.02, is amended to read:

**124E.02 DEFINITIONS.**

(a) For purposes of this chapter, the terms defined in this paragraph section have the meanings given them.

~~"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under section 124E.05 before that authorizer is able to submit any affidavit to charter to a school.~~

~~"Application" under section 124E.06 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.~~

(b) "Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under section 124E.06, subdivision 4, attesting to its review and approval process before chartering a school.

(b) For purposes of this chapter:

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

(2) (c) "Affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(d) "Control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether by owning voting securities, by contract, or otherwise.

(3) (e) "Immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering partnership is no more remote than first cousin;

(4) (f) "Person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

(g) "Related party" means an affiliate or immediate relative of the other interested party, an affiliate of an immediate relative who is the other interested party, or an immediate relative of an affiliate who is the other interested party.

(h) For purposes of this chapter, the terms defined in section 120A.05 have the same meanings.

Sec. 3. Minnesota Statutes 2015 Supplement, section 124E.03, is amended to read:

### **124E.03 APPLICABLE LAW.**

**Subdivision 1. Public status; exemption from statutes and rules.** A charter school is a public school and is part of the state's system of public education. A charter school is exempt from all statutes and rules applicable to a school, school board, or school district unless a statute or rule is made specifically applicable to a charter school or is included in this chapter.

**Subd. 2. General Certain federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A charter school is subject to and must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(d) A charter school is a district for the purposes of tort liability under chapter 466.

(e) A charter school is subject to must comply with the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(f) A charter school and charter school board of directors are subject to must comply with chapter 181 governing requirements for employment.

(g) A charter school is subject to and must comply with continuing truant notification under section 260A.03.

(h) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(i) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

**Subd. 3. Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, 125A.65, and 125A.75 and rules relating to the education of pupils with a disability as though it were a district. A charter school enrolling prekindergarten pupils with a disability under section 124E.11, paragraph (h), must comply with sections 125A.259 to 125A.48 and rules relating to the Interagency Early Intervention System as though it were a school district.

**Subd. 4. Students' rights and related law.** (a) A charter school student must be released release a student for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(b) A charter school is subject to and must comply with chapter 363A governing the Minnesota Human Rights Act and section 121A.04 governing student athletics and sex discrimination in schools.

(c) A charter school must comply with section 121A.031 governing policies on prohibited conduct bullying.

**Subd. 5. Records, meetings, and data requirements.** (a) A charter school must comply with chapters chapter 13 and 13D governing government data; and sections 120A.22, subdivision 7, 121A.75, governing access to juvenile justice records, and 260B.171, subdivisions 3 and 5, governing juvenile justice records.

(b) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

**Subd. 5a. Open meetings.** A charter school must comply with chapter 13D governing open meetings.

**Subd. 6. Length of school year.** A charter school must provide instruction each year for at least the number of hours required by section 120A.41. It may provide instruction throughout the year according to under sections 124D.12 to 124D.127 or 124D.128 governing learning year programs.

Subd. 7. **Additional program-specific requirements.** (a) A charter school offering online courses or programs must comply with section 124D.095 governing online learning.

(b) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19 governing early childhood screening.

(c) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38 governing policies on concussions.

Sec. 4. Minnesota Statutes 2015 Supplement, section 124E.05, is amended to read:

**124E.05 AUTHORIZERS.**

Subdivision 1. **Eligible authorizers.** (a) The following organizations in this subdivision may authorize one or more charter schools:

(1) (b) A school board, intermediate school district school board, or education district organized under sections 123A.15 to 123A.19; may authorize a charter school.

(2) (c) A charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986; excluding a nonpublic sectarian or religious institution; any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that may authorize a charter school, if the organization:

(i) (1) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) (2) is registered with the attorney general's office; and

(iii) (3) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school; and

(4) is not:

(i) a nonpublic sectarian or religious institution;

(ii) any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; or

(iii) any other charitable organization under this paragraph that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose.

(3) (d) A Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; may authorize a charter school, notwithstanding paragraph (c).

(e) community college; A state college or university; or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or may authorize a charter school.

(f) The University of Minnesota; may authorize a charter school.

(4) (g) A nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or.

(5) (h) A single-purpose authorizers authorizer formed as a charitable, nonsectarian organizations organization under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota under chapter 317A as a corporation with no members or under section 322B.975 as a nonprofit limited liability company for the sole purpose of chartering schools may authorize a charter school. An eligible organization interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of subdivision 3 and a five-year financial plan. A single-purpose authorizer under this paragraph shall consider and approve charter school applications using the criteria under section 124E.06 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

**Subd. 2. Requirements for authorizers.** (a) Eligible organizations interested in being approved as an authorizer under subdivision 1, clause (5), must submit a proposal to the commissioner that includes the provisions of subdivision 3 and a five-year financial plan. Such authorizers shall consider and approve charter school applications using the criteria provided in section 124E.06 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(b) The authorizer must participate in department-approved training.

**Subd. 3. Application process.** (a) An eligible authorizer under this section must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate show the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this chapter. The commissioner must approve or disapprove an the application within 45 business days of the application deadline for that application period. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval to approve an authorizer, consistent with subdivision 4, must consider the applicant's:

- (1) capacity and infrastructure and capacity to serve as an authorizer;
- (2) application criteria and process;
- (3) contracting process;
- (4) ongoing oversight and evaluation processes; and
- (5) renewal criteria and processes.

(b) A disapproved applicant under this section may resubmit an application during a future application period.

**Subd. 4. Application content.** To be approved as an authorizer, an applicant must include in its application to the commissioner ~~to be an approved authorizer~~ at least the following:

- (1) how the organization carries out its mission by chartering schools is a way for the organization to carry out its mission;
- (2) a description of the capacity of the organization the organization's capacity to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be are assigned to this responsibility, and the financial resources allocated by the organization allocates to this responsibility;
- (3) a description of the application and review process the authorizer will use uses to make decisions regarding the granting of decide whether to grant charters;
- (4) a description of the type of contract it will arrange arranges with the schools it charters that meets to meet the provisions of section 124E.10;
- (5) the process to be used for providing ongoing oversight of overseeing the school, consistent with the contract expectations specified in clause (4) that assures, to ensure that the schools chartered are complying comply with both the provisions of applicable law and rules; and with the contract;
- (6) a description of the criteria and process the authorizer will use uses to grant expanded approve applications adding grades or sites under section 124E.06, subdivision 5;
- (7) the process for making decisions regarding the renewal or termination of renewing or terminating the school's charter based on evidence that demonstrates showing the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and
- (8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

**Subd. 5. Review by commissioner.** The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer.

**Subd. 6. Corrective action.** (a) If, consistent with this chapter, the commissioner finds that an authorizer has not fulfilled met the requirements of this chapter, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner may assist the charter school in acquiring a new authorizer.

(b) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

- (1) failing to demonstrate the criteria under subdivision 4\_3 under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; or

(4) any good cause shown that provides gives the commissioner a legally sufficient reason to take corrective action against an authorizer.

**Subd. 7. Withdrawal.** If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under section 124E.10, subdivision 4, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year, regardless of when the authorizer's five-year term of approval ends. The commissioner may approve the transfer of a charter school to a new authorizer under this subdivision after the new authorizer submits an affidavit to the commissioner.

**Subd. 8. Reports.** By September 30 of each year, an authorizer shall submit to the commissioner a statement of income and expenditures related to chartering activities during the previous school year ending June 30. A copy of the statement shall be given to all schools chartered by the authorizer. The authorizer must transmit a copy of the statement to all schools it charters.

Sec. 5. Minnesota Statutes 2015 Supplement, section 124E.06, is amended to read:

#### **124E.06 FORMING A SCHOOL.**

**Subdivision 1. Individuals eligible to organize.** (a) An authorizer, after receiving an application from a charter school developer, may charter either a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under subdivision 4.

(b) "Application" under this section means the charter school business plan a charter school developer submits to an authorizer for approval to establish a charter school. This application must include:

(1) the school developer's:

(i) mission statement;

(ii) school purposes;

(iii) program design;

(iv) financial plan;

(v) governance and management structure; and

(vi) background and experience;

(2) any other information the authorizer requests; and

(3) a "statement of assurances" of legal compliance prescribed by the commissioner.

(b) (c) An authorizer shall not approve an application submitted by a charter school developer under paragraph (a) if the application does not comply with subdivision 3, paragraph (d), and

section 124E.01, subdivision 1. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4 if the affidavit does not comply with subdivision 3, paragraph (d) (e), and section 124E.01, subdivision 1.

**Subd. 2. Nonprofit corporation.** (a) The school must be organized and operated as a nonprofit corporation under chapter 317A and the provisions under the applicable of that chapter shall apply to the school except as provided in this chapter.

(b) The operators authorized to organize and operate a school; must incorporate as a nonprofit corporation before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a nonprofit corporation under chapter 317A.

(c) (b) Notwithstanding sections 465.717 and 465.719, a school district, subject to this chapter, may create a corporation for the purpose of establishing a charter school.

**Subd. 3. Requirements.** (a) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from ages five through 18 years of age. Instruction A charter school may be provided provide instruction to people older than 18 years of age.

(b) (c) A charter school may offer a free or fee-based preschool or prekindergarten that meets high-quality early learning instructional program standards that are aligned with Minnesota's early learning standards for children. The hours a student is enrolled in a fee-based prekindergarten program do not generate pupil units under section 126C.05 and must not be used to calculate general education revenue under section 126C.10.

(b) (c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(c) (d) Charter schools A charter school must not be used as a method of providing to provide education or generating generate revenue for students who are being home-schooled students. This paragraph does not apply to shared time aid under section 126C.19.

(d) (e) This chapter does not provide a means to keep open a school that a school board decides to close. However, a school board may endorse or authorize the establishment of establishing a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of section 124E.01, subdivision 1. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.

(e) (f) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves the location by written resolution.

(f) (g) Except as provided in paragraph (a) (b), a charter school may not charge tuition.

(g) (h) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this chapter or does not meet the ready-to-open standards that are part of (1) the authorizer's oversight and evaluation process or are (2) stipulated in the charter school contract.

Subd. 4. **Authorizer's affidavit; approval process; authorizer's affidavit.** (a) Before the operators an operator may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. An authorizer must file an affidavit at least 14 months before July 1 of the year the new charter school plans to serve students. The affidavit must state:

- (1) the terms and conditions under which the authorizer would charter a school; and
- (2) how the authorizer intends to oversee:
  - (i) the fiscal and student performance of the charter school; and
  - to comply (ii) compliance with the terms of the written contract between the authorizer and the charter school board of directors under section 124E.10, subdivision 1.

(b) The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of receiving the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. The commissioner must notify the authorizer of the commissioner's final approval or final disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes An authorizer who fails to obtain the commissioner's approval is precluded from chartering the school that is the subject of this affidavit.

Subd. 5. **Expansion of a charter Adding grades or sites.** (a) A charter school may apply to the authorizer to amend the school charter to expand the operation of the school to additional add grades or sites that would be students' primary enrollment site sites beyond those defined in the original affidavit approved by the commissioner. After approving the school's application, the authorizer shall submit a supplementary supplemental affidavit in the form and manner prescribed by the commissioner. The authorizer must file a supplement supplemental affidavit to the commissioner by October 1 to be eligible to expand add grades or sites in the next school year. The supplementary supplemental affidavit must document that the school has demonstrated to the authorizer's satisfaction of the authorizer the following:

- (1) the need for the expansion additional grades or sites with supporting long-range enrollment projections;
- (2) a longitudinal record of demonstrated student academic performance and growth on statewide assessments under chapter 120B or on other academic assessments that measure longitudinal student performance and growth approved by the charter school's board of directors and agreed upon with the authorizer;
- (3) a history of sound school finances and a finance plan to implement the expansion in a manner to promote add grades or sites that sustains the school's financial sustainability finances; and
- (4) board capacity and an administrative and management plan to implement its expansion to administer and manage the additional grades or sites.

(b) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer in writing of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address, to the commissioner's

satisfaction; any deficiencies in the supplemental affidavit to the commissioner's satisfaction. The commissioner must notify the authorizer of final approval or final disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. The school may not expand add grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

**Subd. 6. Conversion of existing schools.** A board of an independent or special school district may convert one or more of its existing schools to charter schools under this chapter if 60 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

**Subd. 7. Merger.** (a) Two or more charter schools may merge under chapter 317A. The effective date of a merger must be July 1. The merged school must continue under the identity of one of the merging schools. The authorizer and the merged school must execute a new charter contract under section 124E.10, subdivision 1, must be executed by July 1. The authorizer must submit to the commissioner a copy of the new signed charter contract within ten business days of its execution executing the contract.

(b) Each merging school must submit a separate year-end report for the previous fiscal year for that school only. After the final fiscal year of the premerger schools is closed out, each of those schools must transfer the fund balances and debts from the merging schools must be transferred to the merged school.

(c) For its first year of operation, the merged school is eligible to receive aid from programs requiring approved applications equal to the sum of the aid of all of the merging schools. For aids based on prior year data, the merged school is eligible to receive aid for its first year of operation based on the combined data of all of the merging schools.

Sec. 6. Minnesota Statutes 2015 Supplement, section 124E.07, is amended to read:

#### **124E.07 BOARD OF DIRECTORS.**

**Subdivision 1. Initial board of directors.** Before entering into a contract or other agreement for professional or other services, goods, or facilities, the operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must establish a board of directors composed of at least five members who are not related parties. The initial board continues to serve until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under subdivision 4.

**Subd. 2. Ongoing board of directors.** The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during the school year but may not be conducted on days when the school is closed for holidays, breaks, or vacations.

**Subd. 3. Membership criteria.** (a) The ongoing charter school board of directors shall be composed of have at least five nonrelated members and include: (1) at least one licensed teacher who is employed as a teacher at the school or providing provides instruction under contract between the charter school and a cooperative; (2) at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (3) at least one interested community member who resides in Minnesota and, is not employed by the charter school, and does not have a child enrolled in the school. The board structure may include a majority of teachers described in under this paragraph or parents or community members, or it may have no

clear majority. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members. No charter school employees shall serve on the board other than teachers under clause (1). Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school.

(b) An individual is prohibited from serving as a member of the charter school board of directors if: (1) the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. ~~An individual is prohibited from serving as a board member if; or (2) an immediate family member is an employee of the school. An individual may serve as a member of the board of directors if no conflict of interest exists under this paragraph, consistent with this section.~~

(c) A violation of ~~this prohibition paragraph~~ (b) renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates ~~this prohibition paragraph~~ (b) is individually liable to the charter school for any damage caused by the violation.

(e) ~~(d) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision initially reviewing, approving, overseeing, evaluating, renewing, or not renewing the charter school is ineligible to serve on the board of directors of a school chartered by that authorizer.~~

(d) ~~An individual may serve as a member of the board of directors if no conflict of interest under paragraph (b) exists.~~

Subd. 4. **Structure of Board structure.** Board bylaws shall outline the process and procedures for changing the board's governance structure, consistent with chapter 317A. A board may change its governance structure only:

(1) by a majority vote of the board of directors and a majority vote of the licensed teachers employed by the school as teachers, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance structure must conform with the ~~board~~ composition of the board established under this subdivision section.

Subd. 5. **Eligible voters.** Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, members of the board of directors, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election.

Subd. 6. **Duties.** The board of directors also shall decide and ~~be~~ is responsible for policy matters related to ~~the operation of~~ operating the school, including budgeting, curriculum programming, personnel, and operating procedures. The board shall adopt a ~~policy on~~ nepotism in employment policy. The board shall adopt personnel evaluation policies and practices that, at a minimum:

(1) carry out the school's mission and goals;

- (2) evaluate the execution of how charter contract goals and commitments are executed;
- (3) evaluate student achievement, postsecondary and workforce readiness, and student engagement and connection goals;
- (4) establish a teacher evaluation process under section 124E.03, subdivision 2, paragraph (h); and
- (5) provide professional development related to the individual's job responsibilities.

Subd. 7. **Training.** Every charter school board member shall attend annual training throughout the member's term ~~on the board~~. All new board members shall attend initial training on the board's role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within six months after being seated and complete that training within 12 months ~~of after~~ being seated ~~on the board~~ is automatically ineligible to continue to serve as a board member. The school shall include in its annual report the training ~~each board member attended by each board member~~ during the previous year.

Subd. 8. **Meetings and information.** (a) Board of director meetings must comply with chapter 13D governing open meetings.

(b) A charter school shall publish and maintain on the school's official Web site: (1) the meeting minutes of meetings of the board of directors; and of members and committees having any board-delegated authority, for at least one calendar year 365 days from the date of publication; (2) directory information for members of the board of directors and for the members of committees having board-delegated authority; and (3) identifying and contact information for the school's authorizer.

(c) A charter school must include identifying and contact information for the school's authorizer ~~must be included in other school materials made it makes available to the public~~.

Sec. 7. Minnesota Statutes 2015 Supplement, section 124E.08, is amended to read:

**124E.08 COLLABORATION BETWEEN CHARTER SCHOOL AND SCHOOL DISTRICT COLLABORATION.**

(a) A charter school board may voluntarily enter into a two-year, renewable collaboration agreement ~~for collaboration with a school district in which the charter school is geographically located to enhance student the achievement with a school district within whose geographic boundary it operates of the students in the district and the students in the charter school~~.

(b) A school district ~~need does not need to be either an approved authorizer or the authorizer of the charter school to enter into a collaboration agreement with a charter school under this section. A charter school need not be authorized by the school district with which it seeks to collaborate~~.

(c) A charter school authorizer is prohibited from requiring a collaboration agreement as a condition of entering into or renewing a charter contract as defined in section 124E.10, subdivision 1.

(d) Nothing in this section or in the collaboration agreement may impact in any way the authority or autonomy of the charter school.

(e) Nothing in this section or in the collaboration agreement shall cause the state to pay twice for the same student, service, or facility or otherwise impact state funding, or the flow thereof, to the school district or the charter school.

(f) (b) The collaboration agreement may include, but need is not be limited to, collaboration regarding facilities, transportation, training, student achievement, assessments, mutual performance standards, and other areas of mutual agreement.

(g) (c) For purposes of student assessment and reporting to the state under section 120B.36, the school district may include the academic performance of the students of a collaborative charter school site operating within the geographic boundaries of the school district, for purposes of student assessment and reporting to the state under paragraph (a).

(h) Districts, authorizers, or charter schools entering into a collaborative agreement are equally and collectively subject to the same state and federal accountability measures for student achievement, school performance outcomes, and school improvement strategies. The collaborative agreement and all accountability measures must be posted on the district, charter school, and authorizer Web sites.

(d) Nothing in this section or in the collaboration agreement may impact in any way the authority or autonomy of the charter school.

(e) Nothing in this section or in the collaboration agreement shall cause the state to pay twice for the same student, service, or facility or otherwise impact state funding or payment to the school district or the charter school.

Sec. 8. Minnesota Statutes 2015 Supplement, section 124E.10, is amended to read:

#### **124E.10 CHARTER CONTRACT.**

Subdivision 1. **Contents.** (a) The authorization for To authorize a charter school, the authorizer and the charter school board of directors must be in the form of sign a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract to the commissioner within ten business days of its execution after the contract is signed by the contracting parties. The contract for a charter school must be in writing and contain include at least the following:

(1) a declaration that the charter school will carry out the primary purpose in section 124E.01, subdivision 1, and indicate how the school will report its implementation of the primary purpose to its authorizer;

(2) a declaration of the additional purpose or purposes in section 124E.01, subdivision 1, that the school intends to carry out and indicate how the school will report its implementation of those purposes to its authorizer;

(3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

(4) a statement of admission policies and procedures;

(5) a school governance, management, and administration plan for the school;

(6) signed agreements from charter school board members to comply with all the federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

(7) the criteria, processes, and procedures that the authorizer will use to monitor and evaluate the fiscal, operational, and academic performance, consistent with subdivision 3, paragraphs (a) and (b);

(8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 3;

(9) types and amounts of insurance liability coverage to be obtained by the charter school must obtain, consistent with section 124E.03, subdivision 2, paragraph (d);

(10) consistent with section 124E.09, paragraph (d), a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any charter school operation of the charter school;.

(i) the authorizer and its officers, agents, and employees; and

(ii) notwithstanding section 3.736, the commissioner and department officers, agents, and employees notwithstanding section 3.736;

(11) the term of the initial contract, which, for an initial contract, may be up to five years plus an additional preoperational planning year, and up to five years or for a renewed contract or a contract with a new authorizer after a transfer of authorizers, may be up to five years, if warranted by the school's academic, financial, and operational performance;

(12) how the charter school board of directors or the charter school operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, and a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;

(13) the specific conditions for contract renewal that identify the performance of all students under the primary purpose of section 124E.01, subdivision 1, as the most important factor in determining whether to renew the contract renewal; and

(14) the additional purposes under section 124E.01, subdivision 1, and related performance obligations under clause (7) contained in the charter contract as additional factors in determining whether to renew the contract renewal; and

(15)(b) In addition to the requirements of paragraph (a), the charter contract must contain the plan for an orderly closing of the school under chapter 317A, that establishes the responsibilities of the school board of directors and the authorizer, whether the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, that includes establishing the responsibilities of the school board of directors and the authorizer and notifying. The plan must establish who is responsible for:

(1) notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure;.

(2) providing parents of enrolled students information and assistance sufficient to enable the student to re-enroll in another school, the;

(3) transfer of transferring student records under section 124E.03, subdivision 5, paragraph (b), to the student's resident school district; and

(4) procedures for closing financial operations.

(b) (c) A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements governing state standards and benchmarks, the school must meet the outcomes contained in the contract with the authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Subd. 2. **Limitations** Limits on charter contract school agreements. (a) A school must disclose to the commissioner any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner. The contract, lease, or purchase must be accepted through an open bidding process; and be a separate econtract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for to a school that it authorizes, unless the school documents that it received receiving at least two competitive bids.

(b) The An authorizer must not condition granting or renewal of renewing a charter school by an authorizer must not be contingent on:

(1) the charter school being required to contract, lease, or purchase services from the authorizer; or

(c) The granting or renewal of a charter by an authorizer must not be conditioned upon (2) the bargaining unit status of the school employees of the school.

Subd. 3. **Review and comment.** (a) The authorizer shall provide a formal written evaluation of the school's performance before the authorizer renews the charter contract. The department commissioner must review and comment on the authorizer's evaluation process at the time the authorizer submits its application for approval and each time the authorizer undergoes its five-year review under section 124E.05, subdivision 5.

(b) An authorizer shall monitor and evaluate the academic, financial, operational, and student performance of the school, and may for this purpose annually assess a charter school a fee according to paragraph (c). The agreed-upon fee structure must be stated in the charter school contract.

(c) The fee that an authorizer may annually assess is the greater of:

(1) the basic formula allowance for that year; or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year; or

(ii) the fee factor times the basic formula allowance for that year times the charter school's adjusted pupil units for that year. The fee factor equals .015. The maximum fee factor equals 4.0.

(d) An authorizer may not assess a fee for any required services other than as provided in this subdivision.

(e) For the preoperational planning period, after a school is chartered, the authorizer may assess a charter school a fee equal to the basic formula allowance.

**Subd. 4. Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with an authorizer must be for the term contained in the contract according to subdivision 1, paragraph (a). The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 business days before not renewing or terminating a contract, the authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that describe the informal hearing process, consistent with this paragraph. The charter school's board of directors may request in writing an informal hearing before the authorizer within 15 business days of after receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for an informal hearing within the 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) An authorizer may terminate or not renew a contract ~~may be terminated or not renewed~~ upon any of the following grounds:

- (1) failure to demonstrate satisfactory academic achievement for all students, including the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If the authorizer terminates or does not renew a contract ~~is terminated or not renewed~~ under this paragraph, the school must be dissolved according to the applicable provisions of chapter 317A.

(c) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing authorizer, and after providing an opportunity for a public hearing, may terminate the existing contract between the authorizer and the charter school board if the charter school has a history of:

- (1) failure to meet pupil performance requirements, consistent with state law;
- (2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or
- (3) repeated or major violations of the law.

**Subd. 5. Mutual nonrenewal.** If the authorizer and the charter school board of directors mutually agree not to renew the contract, a change in authorizers is allowed. The authorizer and the school board must jointly submit a written and signed letter of their intent to the commissioner to mutually not renew the contract. The authorizer that is a party to the existing contract must

inform the proposed authorizer about the fiscal, operational, and student performance status of the school, as well as any outstanding contractual obligations ~~that exist~~. The charter contract between the proposed authorizer and the school must identify and provide a plan to address any outstanding obligations from the previous contract. The proposed authorizer ~~must submit~~ the proposed contract ~~must be submitted~~ at least 105 business days before the end of the existing charter contract. The commissioner ~~shall have has~~ 30 business days to review and make a determination ~~on the change in authorizer~~. The proposed authorizer and the school ~~shall have~~ 15 business days to respond to the determination and address any issues identified by the commissioner. ~~A final determination by The commissioner shall be made must make a final determination no later than 45 business days before the end of the current charter contract. If no the commissioner does not approve a change in authorizer is approved, the school and the current authorizer may withdraw their letter of nonrenewal and enter into a new contract. If the transfer of authorizers is not approved commissioner does not approve a change in authorizer and the current authorizer and the school do not withdraw their letter and enter into a new contract, the school must be dissolved according to applicable law and the terms of the contract.~~

**Subd. 6. Pupil enrollment upon nonrenewal or termination of charter school contract.** (a) If a contract is not renewed or is terminated according to subdivision 4 or 5, a pupil who attended the school, siblings of the pupil, or another pupil who resides ~~in the same place as with~~ the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 governing open enrollment at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances.

(b) ~~Within ten business days of closing the charter school, the closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.~~

Sec. 9. Minnesota Statutes 2015 Supplement, section 124E.12, is amended to read:

#### **124E.12 EMPLOYMENT.**

**Subdivision 1. Teachers.** A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. ~~The commissioner may reduce~~ the charter school's state aid ~~may be reduced~~ under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932 governing whistle-blowers. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

**Subd. 2. Administrators.** (a) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for ~~all persons that who~~ hold administrative, supervisory, or instructional leadership roles. The qualifications shall ~~include~~ cover at least the following areas: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community

relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles.

(b) The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative, supervisory, or instructional leadership position shall develop a professional development plan. Documentation of the implementation of The school's annual report must include public personnel information documenting the professional development plan of these persons shall be included in the school's annual report.

Subd. 3. **Collective bargaining.** Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the purposes of chapter 179A, upon formation of when forming one or more bargaining units at the school. Bargaining units at the school must be separate from any other units within an authorizing district, except that bargaining units may remain part of the appropriate unit within an authorizing district; if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the authorizing district, and the board of the authorizing district agree to include the employees in the appropriate unit of the authorizing district. The board of directors of a charter school with employees organized under this subdivision must comply with sections 471.6161 governing group insurance and 471.895 governing gifts.

Subd. 4. **Teacher and other employee retirement.** (a) Teachers in a charter school must be public school teachers for the purposes of chapters 354 and 354A governing the Teacher Retirement Act.

(b) Except for teachers under paragraph (a), employees in a charter school must be public employees for the purposes of chapter 353 governing the Public Employees Retirement Act.

Subd. 5. **Group health insurance.** (a) A charter school board with at least 25 employees or a teacher cooperative of licensed teachers providing instruction under a contract between a school and a cooperative that provides group health insurance coverage shall:

(1) request proposals for group health insurance coverage from a minimum of three sources at least every two years; and

(2) notify employees covered by the group health insurance coverage before the effective date of the changes in the group coverage policy contract.

(b) A charter school board or a cooperative of teachers that provides group health insurance coverage must establish and publish on its Web site the policy for the purchase of purchasing group health insurance coverage. A charter school board policy must include a sealed proposal process, which requires all proposals to be opened at the same time. Upon the openings of opening the proposals in accordance with according to the school or cooperative policy, the proposals become public data under chapter 13.

Nothing in this subdivision supersedes the right of an exclusive representative to negotiate over the terms and conditions of employment.

Subd. 6. **Leave to teach in a charter school.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave.

The district must grant a leave not to exceed a total of five years. Any request to extend the leave shall be granted only at the discretion of the school board. The district may require that a teacher to make the request for a leave or extension of leave be made before February 1 in the school year preceding the school year in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to terminate. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, governing employment in another district, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the Teachers' Retirement Association account under chapters 354 and 354A, consistent with subdivision 4.

Sec. 10. Minnesota Statutes 2015 Supplement, section 124E.13, is amended to read:

#### **124E.13 FACILITIES.**

**Subdivision 1. Leased space.** A charter school may lease space from: an independent or special school board; other public organization; private, nonprofit, nonsectarian organization; private property owner; or a sectarian organization if the leased space is constructed as a school facility. The department commissioner must review and approve or disapprove leases in a timely manner for purposes of determining to determine eligibility for lease aid under section 124E.22.

**Subd. 2. Related party lease costs.** (a) A charter school is prohibited from entering must not enter into a lease of real property with a related party unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124E.22, paragraph (a), clause (1).

(b) A lease of real property to be used for a charter school, not excluded in related party permitted to enter into a lease under paragraph (a); must contain include the following statement in the lease: "This lease is subject to Minnesota Statutes, section 124E.13, subdivision 2."

(c) If a charter school enters into as lessee a lease with leases space from a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor related party any lease payments in excess of those that are reasonable under section 124E.22, paragraph (a), clause (1).

**Subd. 3. Affiliated nonprofit building corporation.** (a) An affiliated nonprofit building corporation may purchase, expand, or renovate an existing facility to serve as a school or may construct a new school facility. A charter school may organize an affiliated nonprofit building corporation (1) to purchase, expand, or renovate an existing facility to serve as a school or (2) to construct a new school facility if the charter school:

(i) (1) has been in operation operated for at least six consecutive years;

(ii) (2) as of June 30, has a net positive unreserved general fund balance in the preceding three fiscal years;

(iii) (3) has long-range strategic and financial plans that include enrollment projections for at least five years;

(iv) (4) completes a feasibility study of facility options that outlines the benefits and costs of the options each option; and

(v) (5) has a plan for purchase, renovation, or new construction which that describes project parameters and budget.

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under section 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) post on the school Web site the name, mailing address, bylaws, minutes of board meetings, and the names of the current board of directors of the affiliated nonprofit building corporation;

(4) submit to the commissioner a copy of its annual audit by December 31 of each year; and

(5) comply with government data practices law under chapter 13.

(c) An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(d) Once an affiliated nonprofit building corporation is incorporated under this subdivision, The board of directors of the charter school must ensure the affiliated nonprofit building corporation complies with all applicable legal requirements. The charter school's authorizer of the school must oversee the efforts of the school's board of directors of the charter school to ensure the affiliated nonprofit building corporation complies with all legal requirements governing the affiliated nonprofit building corporation legal compliance of the affiliated building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must factor the consider that failure into the authorizer's evaluation of when evaluating the charter school.

**Subd. 4. Positive review and comment.** If the amount of a purchase agreement or construction contract exceeds the review and comment threshold, a charter school or its affiliated nonprofit building corporation must receive a positive review and comment from the commissioner before initiating any purchase agreement or construction contract that requires an expenditure in excess of the threshold specified in section 123B.71, subdivision 8, for school districts that do not have a capital loan outstanding. Without a positive review and comment from the commissioner, a purchase agreement or construction contract finalized before a positive review and comment under this subdivision is null and void. For purposes of this subdivision, "review and comment threshold" means the dollar amount specified in section 123B.71, subdivision 8, applicable to a school entity that is not a recipient of a maximum effort capital loan.

Sec. 11. Minnesota Statutes 2015 Supplement, section 124E.15, is amended to read:

#### **124E.15 TRANSPORTATION.**

(a) A charter school must comply with all pupil transportation requirements in section 123B.88, subdivision 1. A charter school must not require parents to surrender their rights to pupil transportation under section 123B.88, subdivision 2.

(b) A charter school after its first fiscal year of operation by March 1 of each fiscal year and A charter school by July 1 of its first fiscal year of operation must notify the district in which the school is located and the Department of Education commissioner by July 1 of its first fiscal year of operation if it will provide its own transportation or use the transportation services of the district in which it is located for the fiscal year. For each subsequent year of operation, a charter school must give that district and the commissioner notice by March 1 for the following fiscal year.

(c) If a charter school elects to provide transportation for pupils, the charter school must provide the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to section 124E.23.

(d) For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. The charter school may reimburse a parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school must provide the parent or guardian with information regarding the transportation.

(d) (e) If a charter school does not elect to provide transportation, the district in which the school is located must provide transportation for pupils enrolled at the school must be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, governing transporting nonresident pupils, and 124D.03, subdivision 8, for a pupil residing in the same district in which the charter school is located. The district in which the charter school is located may provide transportation may be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, governing open enrollment transportation, for a pupil residing in a different district. If the district provides the transportation, the scheduling of routes, manner and method of transportation, control and discipline of the pupils, and any other matter relating to the transportation of pupils under this paragraph shall be is within the sole discretion, control, and management of the district.

(f) The charter school must provide the parent or guardian with information about transportation when a pupil enrolls.

Sec. 12. Minnesota Statutes 2015 Supplement, section 124E.16, is amended to read:

#### **124E.16 REPORTS.**

Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing auditing procedures. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; governing government property and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing municipal contracting. The audit must comply with the requirements of sections 123B.75 to 123B.83 governing school district

~~finance, except to the extent deviations are necessary because of the program at the school when the commissioner and authorizer approve a deviation made necessary because of school program finances. Deviations must be approved by the commissioner and authorizer. The Department of Education~~ commissioner, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(b) The charter school must submit an audit report to the commissioner and its authorizer annually by December 31 each year.

(c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information; (1) a copy of management agreements with a charter management organization or an educational management organization and (2) service agreements or contracts over the lesser of \$100,000 or ten percent of the school's most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(d) A charter school independent audit report shall include audited financial data of an affiliated building corporation under section 124E.13, subdivision 3, or other component unit.

(e) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the ~~charter school will resolve~~ that material weakness ~~will be resolved~~. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

**Subd. 2. Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11 governing the world's best workforce. A charter school must post the annual report on the school's official Web site. A charter school also must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) The commissioner shall establish specifications for an authorizer's annual public report that is part of the system to evaluate authorizer performance under section 124E.05, subdivision 5. The report shall at least include key indicators of school academic, operational, and financial performance.

Sec. 13. Minnesota Statutes 2015 Supplement, section 124E.17, is amended to read:

#### **124E.17 DISSEMINATION OF INFORMATION.**

**Subdivision 1. Charter school information.** (a) Authorizers and the department must disseminate information to the public on how to form and operate a charter school. Charter schools must disseminate information about how to use the charter school offerings of a charter school to

targeted groups, among others. Targeted groups include low-income families and communities, students of color, and students who are at risk of academic failure.

(b) Authorizers and the commissioner must disseminate information to the public on how to form and operate a charter school. Authorizers, operators, and the department commissioner also may disseminate information to interested stakeholders about the successful best practices in teaching and learning demonstrated by charter schools.

Subd. 2. **Financial information.** Upon request of an individual, the charter school must also make available in a timely fashion financial statements showing all operations and transactions affecting the school's income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must include that same information about its authorizer in other school materials that it makes available to the public.

Sec. 14. Minnesota Statutes 2015 Supplement, section 124E.22, is amended to read:

**124E.22 BUILDING LEASE AID.**

(a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes purpose and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review and either approve or deny a lease aid application using the following criteria:

- (1) the reasonableness of the price based on current market values;
- (2) the extent to which the lease conforms to applicable state laws and rules; and

(3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school. The commissioner must approve aid only for a facility lease that has (i) a sum certain annual cost and (ii) a closure clause to relieve the charter school of its lease obligations at the time the charter contract is terminated or not renewed;. The closure clause under item (ii) must not be construed or construed to relieve the charter school of its lease obligations in effect before the charter contract is terminated or not renewed.

(b) A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs.

(b) (c) The amount of annual building lease aid for a charter school shall not exceed the lesser of (1) 90 percent of the approved cost or (2) the product of the pupil units served for the current school year times \$1,314.

Sec. 15. Minnesota Statutes 2015 Supplement, section 124E.24, is amended to read:

**124E.24 OTHER AID, GRANTS, AND REVENUE.**

(a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, or if the aid, grant, or revenue replaces levy revenue that is not general education revenue, except as otherwise provided in this chapter.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid, as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of education, the charter school shall report the total amount of funds it received from grants and other outside sources.

Sec. 16. Minnesota Statutes 2015 Supplement, section 124E.25, is amended to read:

**124E.25 PAYMENT OF AIDS TO CHARTER SCHOOLS.**

Subdivision 1. **Payments.** (a) Notwithstanding section 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is 90 or greater, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 24 payment dates. Notwithstanding section 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is less than 90, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 16 payment dates in July through February.

Subd. 1a. **School closures; payments.** (b) (a) Notwithstanding paragraph (a) subdivision 1 and section 127A.45, for a charter school ceasing operation on or prior to before June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter 308A or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of and documented lease expenditures, from the charter school and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment.

(b) For a charter school ceasing operations prior to, before or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, the commissioner may make preliminary final payments may be made after receiving the school submits the closure plan, an audit of pupil counts, monitoring of special education expenditures, documentation of documented lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data and the commissioner monitors special education expenditures for the final year of operation. The commissioner may make the final payment may be made upon receipt of after receiving audited financial statements under section 123B.77, subdivision 3.

(c) Notwithstanding sections 317A.701 to 317A.791, upon closure of after closing a charter school and satisfaction of satisfying creditors, remaining cash and investment balances remaining shall be returned by the commissioner to the state general fund.

Subd. 2. **Requirements.** (a) In order To receive state aid payments under this section, a charter school in its first three years of operation must submit to the commissioner a school calendar in the form and manner requested by the department commissioner and a quarterly report to the Department of Education. The quarterly report must list each student by grade, show the student's start and end dates, if any applicable, with the charter school; and, for any student participating in a learning year program, the report must list the hours and times of learning year activities.

The charter school must submit the report ~~must be submitted to the commissioner not more than two weeks after the end of the calendar quarter to the department. The department commissioner must develop a Web-based reporting form for charter schools to use when submitting quarterly enrollment reports.~~

(b) To receive state aid payments under this section, a charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the ~~department commissioner in the form and manner requested by the department commissioner.~~

(b) (c) A charter school must have a valid, signed contract under section 124E.10, subdivision 1, on file at ~~with the Department of Education commissioner~~ at least 15 days prior to before the date of first payment of state aid for the fiscal year.

(e) (d) The commissioner shall compute state aid entitlements shall be computed for a charter school only for the portion of a school year for which it has a valid, signed contract under section 124E.10, subdivision 1.

Subd. 3. **Aid reductions.** (a) The commissioner may reduce a charter school's state aid under section 127A.42 or 127A.43 if the charter school board fails to correct a violation under this chapter.

(b) The commissioner may reduce a charter school's state aid by an amount not to exceed 60 percent of the charter school's basic revenue for the period of time that a ~~violation of law occurs was violated.~~

Subd. 4. **Aid withholding.** (a) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withhold an amount of state aid sufficient to satisfy the directive.

(b) If ~~within the timeline under section 471.425, after receiving an undisputed invoice for goods and services, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services within the timeline under section 471.425,~~ the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

Sec. 17. Minnesota Statutes 2015 Supplement, section 124E.26, is amended to read:

#### **124E.26 USE OF STATE MONEY.**

~~Money received from the state may not be used. A charter school may not use state money to purchase land or buildings. The charter school may own land and buildings if obtained through nonstate sources.~~

#### **Sec. 18. SUPERSEDING ACTS.**

~~Any amendments or repeals enacted in the 2016 session of the legislature to sections also amended or repealed in this article of this act supersede the amendments in this article of this act regardless of order of enactment.~~

**ARTICLE 27****GENERAL EDUCATION**

Section 1. Minnesota Statutes 2015 Supplement, section 120A.41, is amended to read:

**120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.**

A school board's annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. The school calendar for all-day kindergarten must include at least 850 hours of instruction for the school year. The school calendar for a prekindergarten student under section 124D.151, if offered by the district, must include at least 350 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the commissioner under section 124D.126.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 2. Minnesota Statutes 2014, section 123A.24, subdivision 2, is amended to read:

Subd. 2. **Cooperative unit defined.** For the purposes of this section, a cooperative unit is:

- (1) an education district organized under sections 123A.15 to 123A.19;
- (2) a cooperative vocational center organized under section 123A.22;
- (3) an intermediate district organized under chapter 136D;
- (4) a service cooperative organized under section 123A.21; or
- (5) a regional management information center organized under section 123A.23 or as a joint powers district according to section 471.59-; or
- (6) a special education cooperative organized under section 471.59.

Sec. 3. Minnesota Statutes 2014, section 124D.111, is amended by adding a subdivision to read:

Subd. 2a. **Federal child and adult food program; criteria and notice.** The commissioner must post on the department's Web site eligibility criteria and application information for nonprofit organizations interested in applying to the commissioner for approval as a multisite sponsoring organization under the federal child and adult care food program. The posted criteria and information must inform interested nonprofit organizations about:

- (1) the criteria the commissioner uses to approve or disapprove an application, including how an applicant demonstrates financial viability for the Minnesota program, among other criteria;
- (2) the commissioner's process and time line for notifying an applicant when its application is approved or disapproved and, if the application is disapproved, the explanation the commissioner provides to the applicant; and
- (3) any appeal or other recourse available to a disapproved applicant.

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

Sec. 4. Minnesota Statutes 2014, section 124D.1158, subdivision 3, is amended to read:

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and \$1.30 for each fully paid breakfast served to a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 or a kindergarten student.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2014, section 124D.1158, subdivision 4, is amended to read:

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades 1 to 12 who qualify for free or reduced-price meals and to all prekindergarten students enrolled in an approved voluntary prekindergarten program under section 124D.151 and all kindergarten students.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

**Sec. 6. [124D.151] VOLUNTARY PREKINDERGARTEN PROGRAM.**

Subdivision 1. **Establishment; purpose.** A district, a charter school, a group of districts, a group of charter schools, or a group of districts and charter schools may establish a voluntary prekindergarten program. The purpose of a voluntary prekindergarten program is to prepare children for success as they enter kindergarten in the following year.

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) provide instruction through play-based learning to foster children's social and emotional development, cognitive development, physical and motor development, and language and literacy skills, including the native language and literacy skills of English learners, to the extent practicable;

(2) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and others from the state-approved menu of kindergarten entry profile measures;

(3) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through grade 3 academic standards;

(4) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(5) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(6) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(7) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(8) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(9) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(10) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children;

(11) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(12) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade 3 curricula.

(b) A voluntary prekindergarten program must have teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Subd. 3. **Mixed delivery of services.** A district or charter school may contract with a charter school, Head Start or child care centers, family child care programs licensed under section 245A.03, or a community-based organization to provide eligible children with developmentally appropriate services that meet the program requirements in subdivision 2. Components of a mixed-delivery plan include strategies for recruitment, contracting, and monitoring of fiscal compliance and program quality.

Subd. 4. **Eligibility.** A child who is four years of age as of September 1 in the calendar year in which the school year commences is eligible to participate in a voluntary prekindergarten program free of charge. Each eligible child must complete a health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19, and provide documentation of required immunizations under section 121A.15.

Subd. 5. **Application process; priority for high poverty schools.** (a) To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016. To qualify for program approval for fiscal year 2018 and later, a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner must review all applications submitted for fiscal year 2017 by August 1, 2016, and must review all applications submitted for fiscal year 2018 and later by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded programs meeting the requirements of paragraph (a) into four groups as follows: the Minneapolis and St. Paul school districts; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority.

(d) The aid available for the program as specified in subdivision 6, paragraph (b), must initially be allocated among the four groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the available aid must be allocated among school sites in priority order until that region's share of the aid limit is reached. If the aid limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis.

(e) Once a school site is approved for aid under this subdivision, it shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total aid entitlement approved based on applications submitted under paragraph (a) is less than the aid entitlement limit under subdivision 6, paragraph (b), the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

Subd. 6. **Program and aid entitlement limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible

school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

(b) In reviewing applications under subdivision 5, the commissioner must limit the estimated state aid entitlement approved under this section to \$27,092,000 for fiscal year 2017, \$27,239,000 for fiscal year 2018, and \$26,399,000 for fiscal year 2019 and later. If the actual state aid entitlement based on final data exceeds the limit in any year, the aid of the participating districts must be prorated so as not to exceed the limit.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 7. Minnesota Statutes 2015 Supplement, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12 or a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 who meets the requirements under subdivision 2a or the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by a valid assessment measuring the pupil's English language proficiency and by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in academic classes taught in English.

(b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in the previous school year took a commissioner-provided assessment measuring the pupil's emerging academic English, shall be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall generate state English learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on the assessment measuring the pupil's emerging academic English, or, in the judgment of the pupil's classroom teachers, consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten prekindergarten under section 124D.151, through grade 12 shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners under sections 124D.58 to 124D.64; or

(2) the pupil has generated seven or more years of average daily membership in Minnesota public schools since July 1, 1996.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2014, section 124D.68, subdivision 2, is amended to read:

**Subd. 2. Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

- (1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;
  - (2) is behind in satisfactorily completing coursework or obtaining credits for graduation;
  - (3) is pregnant or is a parent;
  - (4) has been assessed as chemically dependent;
  - (5) has been excluded or expelled according to sections 121A.40 to 121A.56;
  - (6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;
  - (7) is a victim of physical or sexual abuse;
  - (8) has experienced mental health problems;
  - (9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;
  - (10) speaks English as a second language or is an English learner; or
  - (11) has withdrawn from school or has been chronically truant; or
  - (12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.
- (b) For the 2016-2017 school year only, a pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age, is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, and was in an early middle college program during the previous school year is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

Sec. 9. Minnesota Statutes 2015 Supplement, section 126C.05, subdivision 1, is amended to read:

**Subdivision 1. Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.0 with a minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.0.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

~~(d)~~ (e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil unit if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

(e) (f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

(f) (g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(g) (h) A pupil who is in the postsecondary enrollment options program is counted as 1.2 pupil units.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 10. Minnesota Statutes 2014, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2014, section 126C.10, subdivision 2d, is amended to read:

Subd. 2d. **Declining enrollment revenue.** (a) A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

(b) Notwithstanding paragraph (a), for fiscal years 2015, 2016, and 2017 only, a pupil enrolled at the Crosswinds school shall not generate declining enrollment revenue for the district or charter school in which the pupil was last counted in average daily membership.

(c) Notwithstanding paragraph (a), for fiscal years 2017, 2018, and 2019 only, prekindergarten pupil units under section 126C.05, subdivision 1, paragraph (d), must be excluded from the calculation of declining enrollment revenue.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 12. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals \$14,500 for fiscal years 2015 and 2016, \$14,740 \$15,740 for fiscal year 2017, \$17,473 \$19,972 for fiscal year 2018, and \$20,510 \$22,912 for fiscal year 2019 and later.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 13. Minnesota Statutes 2014, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) \$14, plus (ii) \$80, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times \$14.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's adjusted pupil units times the difference between ten percent of the statewide average amount of referendum revenue per adjusted pupil unit for that year and the district's referendum revenue per adjusted pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) For fiscal years 2017, 2018, and 2019 for a school district not included in paragraph (e) a district's equity revenue equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.16. For fiscal year 2020 and later for a school district not included in paragraph (e) a district's equity revenue equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(g) A school district's additional equity revenue equals \$50 times its adjusted pupil units.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017 and later.

Sec. 14. Minnesota Statutes 2014, section 127A.353, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

(1) take an oath of office before assuming any duties as the director;

(2) evaluate the school trust land asset position;

(3) determine the estimated current and potential market value of school trust lands;

(4) advise the governor, Executive Council, commissioner of natural resources, and the Legislative Permanent School Fund Commission on the management of school trust lands, including:

(i) Department of Natural Resources school trust land management plans;

(ii) leases of school trust lands;

(iii) royalty agreements on school trust lands;

(iv) land sales and exchanges;

(v) cost certification; and

(vi) revenue generating options;

(5) propose to the Legislative Permanent School Fund Commission legislative changes that will improve the asset allocation of the school trust lands;

(6) develop a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years and implemented by the commissioner, with goals to:

(i) retain core real estate assets;

(ii) increase the value of the real estate assets and the cash flow from those assets;

(iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;

(iv) establish priorities for management actions; and

(v) balance revenue enhancement and resource stewardship;

(7) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director; and

(8) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.

(b) In carrying out the duties under paragraph (a), the school trust lands director shall have the authority to:

(1) direct and control money appropriated to the director;

(2) establish job descriptions and employ up to five employees in the unclassified service, within the limitations of money appropriated to the director;

(3) enter into interdepartmental agreements with any other state agency; and

(4) enter into joint powers agreements under chapter 471;

(5) evaluate and initiate real estate development projects on school trust lands with the advice of the Legislative Permanent School Fund Commission in order to generate long-term economic return to the permanent school fund;

(6) serve as temporary trustee of school trust land for school trust lands subject to proposed or active eminent domain proceedings; and

(4) (7) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

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

Sec. 15. Minnesota Statutes 2014, section 127A.51, is amended to read:

**127A.51 STATEWIDE AVERAGE REVENUE.**

By ~~October~~ December 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by ~~January 15~~ February 1.

For purposes of this section and section 126C.10, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; ~~local optional revenue under section 126C.10, subdivision 2e;~~ and equity revenue under section 126C.10, subdivisions 24a and 24b.

Sec. 16. Laws 2015, First Special Session chapter 3, article 1, section 24, is amended to read:

**Sec. 24. COMPENSATORY REVENUE; INTERMEDIATE DISTRICT.**

For the ~~2015-2016~~ 2016-2017 school year only, for an intermediate district formed under Minnesota Statutes, section 136D.41, the department must calculate compensatory revenue based on the October 1, ~~2014~~ 2015, enrollment counts for the ~~South~~ SouthWest Metro Educational Cooperative.

Sec. 17. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	6,624,310,000	
\$	<u>6,649,435,000</u>	..... 2016
	6,761,574,000	
\$	<u>6,815,372,000</u>	..... 2017

The 2016 appropriation includes \$622,908,000 for 2015 and ~~\$6,001,405,000~~ 6,026,524,000 for 2016.

The 2017 appropriation includes ~~\$638,812,000~~ \$641,412,000 for 2016 and ~~\$6,122,762,000~~ \$6,173,962,000 for 2017.

Sec. 18. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

	<del>15,661,000</del>	
\$	<u>16,251,000</u>	..... 2016
	<del>15,818,000</del>	
\$	<u>16,775,000</u>	..... 2017

Sec. 19. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	<del>9,731,000</del>	
\$	<u>9,457,000</u>	..... 2016
	<del>10,361,000</del>	
\$	<u>10,365,000</u>	..... 2017

**Sec. 20. VOLUNTARY BOUNDARY ALIGNMENT; MOORHEAD AND DILWORTH-GLYNDON-FELTON.**

Subdivision 1. **Boundary realignment allowed.** The school boards of Independent School Districts Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton, may realign their shared district boundaries according to the provisions of this section.

Subd. 2. **Plan to establish new boundaries.** (a) The school boards of Independent School Districts Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton, may jointly develop a plan to realign their shared school district boundaries over a period of years.

(b) The plan must specify and identify each group of parcels that will be transferred and the method used to determine the year during which each set of parcels is transferred. The method of transfer may include an analysis of the relative tax base of the parcels to be transferred and may make the transfers of parcels effective upon the relationship in relative tax bases.

(c) The written plan must be adopted by each school board after the board has allowed public testimony on the plan.

(d) The plan must be filed with both the county auditor and the commissioner of education.

(e) After adopting the plan, each school board must publish notice of the plan realigning district boundaries. The notice must include a general description of the area that will be affected by the proposed boundary alignment and the method by which the boundaries will be realigned. The notice must also be mailed to each property owner of record in the area proposed for realignment.

Subd. 3. **Bonded debt.** As of the effective date of each exchange of parcels between the two school districts, for the next and subsequent tax years, the taxable property in the newly aligned parcel is taxable for a portion of the bonded debt of the school district to which the property is attached and is not taxable for the bonded debt from the school district from which the property is detached.

Subd. 4. **County auditor notified.** After adoption of the plan, each school board must provide a copy of the plan to the county auditor. The county auditor may request any other necessary information from the school districts to effect the transfer of parcels between the school districts.

Each year, the school districts must notify the county auditor of what block of parcels, if any, will be transferred between the two school districts. The county auditor must notify each affected property owner of the boundary change.

**Subd. 5. Report to commissioner of education.** Upon adoption of the plan, the school boards must submit a copy of the plan to the commissioner of education. The districts must also provide any additional information necessary for computing school aids and levies to the commissioner of education in the form and manner requested by the department.

**EFFECTIVE DATE.** This section is effective the day after the school boards of Independent School Districts Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton, and their respective chief clerical officers timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 21. GLENVILLE-EMMONS SCHOOL DISTRICT; OPERATING REFERENDUM ADJUSTMENT.**

Subdivision 1. **Year first effective.** Notwithstanding any law to the contrary, the operating referendum approved by the voters of Independent School District No. 2886, Glenville-Emmons, in April 2015, is first effective for fiscal year 2017 and may run for the number of years stated on the ballot. The total referendum authority for fiscal year 2017, including any board-approved authority, may not exceed the amount approved by the voters.

**Subd. 2. Documentation and process.** The board of Independent School District No. 2886, Glenville-Emmons, must submit to the commissioner of education the following:

(1) a unanimously adopted written resolution of the board at a public meeting authorizing the operating referendum to begin in fiscal year 2017;

(2) documentation showing that the district's approved plan to eliminate its statutory operating debt is being followed; and

(3) any other information requested by the commissioner.

**Subd. 3. Levy adjustment.** Independent School District No. 2886, Glenville-Emmons, may certify the levy to accompany the fiscal year 2017 operating referendum over a three-year period beginning with taxes payable in 2017.

**Sec. 22. EQUITY AID; FISCAL YEAR 2017.**

For fiscal year 2017 only, the entire amount of the equity revenue adjustment under section 13 is paid through state aid.

## **ARTICLE 28**

### **CHARTER SCHOOLS**

Section 1. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 1, is amended to read:

Subdivision 1. **Eligible authorizers.** The following organizations may authorize one or more charter schools:

(1) a school board, intermediate school district school board, or education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution; any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

~~(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;~~

~~(ii) is registered with the attorney general's office; and~~

~~(iii)~~ (ii) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota;

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or

(5) single-purpose authorizers formed as charitable, nonsectarian organizations under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota under chapter 317A as a corporation with no members or under section 322B.975 as a nonprofit limited liability company for the sole purpose of chartering schools.

Sec. 2. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 4, is amended to read:

Subd. 4. **Application content.** (a) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

~~(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;~~

(2) a description of the capacity of the organization to serve as an authorizer, including the positions allocated to authorizing duties, the qualifications for those positions, the full-time equivalencies of those positions, and the financial resources available to fund the positions;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of section 124E.10;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) a description of the criteria and process the authorizer will use to grant expanded applications under section 124E.06, subdivision 5;

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

(b) Notwithstanding paragraph (a), an authorizer that is a school district may satisfy the requirements of paragraph (a), clauses (1) and (2), and any requirement governing a conflict of interest between an authorizer and its charter schools or ongoing evaluation or continuing education of an administrator or other professional support staff by submitting to the commissioner a written promise to comply with the requirements.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 3. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 5, is amended to read:

**Subd. 5. Review by commissioner.** (a) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner, subject to paragraphs (b) and (c), and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer.

(b) Consistent with this subdivision, the commissioner must:

(1) use criteria appropriate to the authorizer and the schools it charters to review the authorizer's performance; and

(2) consult with authorizers, charter school operators, and other charter school stakeholders in developing review criteria under this paragraph.

(c) The commissioner's form must use existing department data on the authorizer to minimize duplicate reporting to the extent practicable. When reviewing an authorizer's performance under this subdivision, the commissioner must not:

(1) fail to credit;

(2) withhold points; or

(3) otherwise penalize an authorizer for failing to charter additional schools or for the absence of complaints against the authorizer's current portfolio of charter schools.

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

Sec. 4. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 7, is amended to read:

**Subd. 7. Withdrawal.** If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under section 124E.10, subdivision 4, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 March 1 of its intent to withdraw as an authorizer on June 30 in the next calendar year, regardless of when the authorizer's five-year term of approval ends. The commissioner may approve the transfer of a charter school to a new authorizer under ~~this subdivision after the new authorizer submits an affidavit to the commissioner~~ section 124E.10, subdivision 5.

Sec. 5. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 1, is amended to read:

**Subdivision 1. Contents.** (a) The authorization for a charter school must be in the form of a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a declaration that the charter school will carry out the primary purpose in section 124E.01, subdivision 1, and how the school will report its implementation of the primary purpose;

(2) a declaration of the additional purpose or purposes in section 124E.01, subdivision 1, that the school intends to carry out and how the school will report its implementation of those purposes;

(3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

(4) a statement of admission policies and procedures;

(5) a governance, management, and administration plan for the school;

(6) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

(7) the criteria, processes, and procedures that the authorizer will use to monitor and evaluate the fiscal, operational, and academic performance consistent with subdivision 3, paragraphs (a) and (b);

(8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 3;

(9) types and amounts of insurance liability coverage to be obtained by the charter school, consistent with section 124E.03, subdivision 2, paragraph (d);

(10) consistent with section 124E.09, paragraph (d), a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from

any operation of the charter school, and the commissioner and department officers, agents, and employees notwithstanding section 3.736;

(11) the term of the initial contract, which may be up to five years plus ~~an additional a preoperational planning year period~~, and up to five years for a renewed contract or a contract with a new authorizer after a transfer of authorizers, if warranted by the school's academic, financial, and operational performance;

(12) how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;

(13) the specific conditions for contract renewal that identify performance of all students under the primary purpose of section 124E.01, subdivision 1, as the most important factor in determining contract renewal;

(14) the additional purposes under section 124E.01, subdivision 1, and related performance obligations under clause (7) contained in the charter contract as additional factors in determining contract renewal; and

(15) the plan for an orderly closing of the school under chapter 317A, whether the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, information and assistance sufficient to enable the student to re-enroll in another school, the transfer of student records under section 124E.03, subdivision 5, paragraph (b), and procedures for closing financial operations.

(b) A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students, including world's best workforce goals under section 120B.11, subdivision 1. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Sec. 6. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 5, is amended to read:

**Subd. 5. Mutual nonrenewal.** If the authorizer and the charter school board of directors mutually agree not to renew the contract, or if the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 4, a change in authorizers is allowed. The authorizer and the school board must jointly submit a written and signed letter of their intent to the commissioner to mutually not renew the contract. The authorizer that is a party to the existing contract must inform the proposed authorizer about the fiscal, operational, and student performance status of the school, as well as any including unmet contract outcomes and other outstanding contractual obligations that exist. The charter contract between the proposed authorizer and the school must identify and provide a plan to address any outstanding obligations from the previous contract. The proposed contract must be submitted at least 105 business days before the end of the existing charter contract. The commissioner shall have 30 business days to review and make a determination. The proposed authorizer and the school shall have 15 business

days to respond to the determination and address any issues identified by the commissioner. A final determination by the commissioner shall be made no later than 45 business days before the end of the current charter contract. If no change in authorizer is approved, the school and the current authorizer may withdraw their letter of nonrenewal and enter into a new contract. If the transfer of authorizers is not approved and the current authorizer and the school do not withdraw their letter and enter into a new contract, the school must be dissolved according to applicable law and the terms of the contract.

Sec. 7. Minnesota Statutes 2015 Supplement, section 124E.16, subdivision 2, is amended to read:

**Subd. 2. Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11. A charter school must post the annual report on the school's official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) ~~The commissioner shall establish specifications for~~ An authorizer must submit an authorizer's annual public report ~~that in a manner specified by the commissioner by January 15 for the previous school year ending June 30 that shall at least include key indicators of school academic, operational, and financial performance. The report is part of the system to evaluate authorizer performance under section 124E.05, subdivision 5. The report shall at least include key indicators of school academic, operational, and financial performance.~~

Sec. 8. Minnesota Statutes 2014, section 127A.45, subdivision 6a, is amended to read:

**Subd. 6a. Cash flow adjustment.** ~~The board of directors of any charter school serving fewer than 200 students where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment eligible special education charter school under section 124E.21, subdivision 2,~~ may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 9. Laws 2015, First Special Session chapter 3, article 4, section 4, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective the day following final enactment except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing pupils to enroll in

a charter school is effective only if the commissioner of education determines there is no added cost attributable to the pupil for the 2016-2017 school year and later.

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

Sec. 10. Laws 2015, First Special Session chapter 3, article 4, section 9, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4 124E.22:

	66,787,000	
\$	<u>63,540,000</u>	..... 2016
	73,603,000	
\$	<u>70,132,000</u>	..... 2017

The 2016 appropriation includes \$6,032,000 for 2015 and \$60,755,000 \$57,508,000 for 2016.

The 2017 appropriation includes \$6,750,000 \$6,389,000 for 2016 and \$66,853,000 \$63,743,000 for 2017.

## ARTICLE 29

### SPECIAL EDUCATION

Section 1. Minnesota Statutes 2015 Supplement, section 120B.125, is amended to read:

#### **120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; PERSONAL LEARNING PLANS.**

(a) Consistent with sections 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their educational, college, and career interests, aptitudes, and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must:

(1) provide a comprehensive plan to prepare for and complete a career and college ready curriculum by meeting state and local academic standards and developing career and employment-related skills such as team work, collaboration, creativity, communication, critical thinking, and good work habits;

(2) emphasize academic rigor and high expectations;

(3) help students identify interests, aptitudes, aspirations, and personal learning styles that may affect their career and college ready goals and postsecondary education and employment choices;

(4) set appropriate career and college ready goals with timelines that identify effective means for achieving those goals;

(5) help students access education and career options;

(6) integrate strong academic content into career-focused courses and applied and experiential learning opportunities and integrate relevant career-focused courses and applied and experiential learning opportunities into strong academic content;

(7) help identify and access appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(8) help identify collaborative partnerships among prekindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and local and regional employers that support students' transition to postsecondary education and employment and provide students with applied and experiential learning opportunities; and

(9) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student making adequate progress to meet state and local academic standards and high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select or pursue a career, career interest, employment goals, or related job training.

(c) Educators must possess the knowledge and skills to effectively teach all English learners in their classrooms. School districts must provide appropriate curriculum, targeted materials, professional development opportunities for educators, and sufficient resources to enable English learners to become career and college ready.

(d) When assisting students in developing a plan for a smooth and successful transition to postsecondary education and employment, districts must recognize the unique possibilities of each student and ensure that the contents of each student's plan reflect the student's unique talents, skills, and abilities as the student grows, develops, and learns.

(e) If a student with a disability has an individualized education program (IEP) or standardized written plan that meets the plan components of this section, the IEP satisfies the requirement and no additional transition plan is needed.

Sec. 2. Minnesota Statutes 2014, section 122A.31, subdivision 3, is amended to read:

Subd. 3. **Qualified interpreters.** The Department of Education ~~and the resource center, state specialist for deaf and hard-of-hearing hard-of-hearing~~ shall work with existing interpreter/transliterator training programs, other training/educational institutions, and the regional service centers to ensure that ongoing staff development training for educational interpreters/transliterators is provided throughout the state.

Sec. 3. Minnesota Statutes 2014, section 124D.15, subdivision 15, is amended to read:

Subd. 15. **Eligibility.** A child is eligible to participate in a school readiness program if the child:

(1) is at least three years old on September 1;

(2) has completed health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19; and

(3) has one or more of the following risk factors:

(i) qualifies for free or reduced-price lunch;

(ii) is an English learner;

(iii) is homeless;

(iv) has an individualized education program (IEP) or ~~an individual interagency intervention plan (HHP)~~ standardized written plan;

(v) is identified, through health and developmental screenings under sections 121A.16 to 121A.19, with a potential risk factor that may influence learning; or

(vi) is defined as at-risk by the school district.

Sec. 4. Minnesota Statutes 2015 Supplement, section 125A.08, is amended to read:

**125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.**

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. Before a school district evaluation team makes a determination of other health disability under Minnesota Rules, part 3525.1335, subparts 1 and 2, item A, subitem (1), the evaluation team must seek written documentation of the student's medically diagnosed chronic or acute health condition signed by a licensed physician or a licensed health care provider acting within the scope of the provider's practice. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded. If the individualized

education program meets the plan components in section 120B.125, the individualized education program satisfies the requirement and no additional transition plan is needed;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

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

Sec. 5. Minnesota Statutes 2015 Supplement, section 125A.083, is amended to read:

**125A.083 STUDENT INFORMATION SYSTEMS; TRANSFERRING RECORDS.**

(a) To efficiently and effectively meet federal and state compliance and accountability requirements using an online case management reporting system, beginning July 1, 2018, a school districts district may contract only for a student information system that is Schools Interoperability Framework compliant and compatible with the.

(b) Beginning on July 1 of the fiscal year following the year that the commissioner of education certifies to the legislature under paragraph (c) that a compatible compliant system exists, a school district must use an online system for compliance reporting under section 125A.085 beginning in the 2018-2019 school year and later. A district's information system under this section must facilitate the seamless transfer of student records for a student with disabilities who transfers between school districts, including records containing the student's evaluation report, service plan, and other due process forms and information, regardless of what information system any one district uses.

(c) As a part of the annual report required under section 125A.085, paragraph (f), the commissioner must specify whether a compatible compliant system exists and if so, list each vendor's systems that meet the criteria in paragraph (b).

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

Sec. 6. Minnesota Statutes 2014, section 125A.091, subdivision 11, is amended to read:

Subd. 11. **Facilitated team meeting.** A facilitated team meeting is an IEP, IFSP, or HHP multiagency team meeting led by an impartial state-provided facilitator to promote effective communication and assist a team in developing an individualized education program.

Sec. 7. Minnesota Statutes 2015 Supplement, section 125A.0942, subdivision 3, is amended to read:

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) physical holding or seclusion is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;

(3) physical holding or seclusion ends when the threat of harm ends and the staff determines the child can safely return to the classroom or activity;

(4) staff directly observes the child while physical holding or seclusion is being used;

(5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

- (iv) a brief record of the child's behavioral and physical status;
- (6) the room used for seclusion must:
  - (i) be at least six feet by five feet;
  - (ii) be well lit, well ventilated, adequately heated, and clean;
  - (iii) have a window that allows staff to directly observe a child in seclusion;
  - (iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;
  - (v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and
  - (vi) not contain objects that a child may use to injure the child or others; and
- (7) before using a room for seclusion, a school must:
  - (i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and
  - (ii) register the room with the commissioner, who may view that room; and
- (8) ~~until August 1, 2015, a school district may use prone restraints with children age five or older if:~~
  - (i) the district has provided to the department a list of staff who have had specific training on the use of prone restraints;
  - (ii) the district provides information on the type of training that was provided and by whom;
  - (iii) only staff who received specific training use prone restraints;
  - (iv) each incident of the use of prone restraints is reported to the department within five working days on a form provided by the department; and
  - (v) the district, before using prone restraints, must review any known medical or psychological limitations that contraindicate the use of prone restraints.

~~The department must collect data on districts' use of prone restraints and publish the data in a readily accessible format on the department's Web site on a quarterly basis.~~

- (b) By February 1, 2015, and annually thereafter, stakeholders may, as necessary, recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of ~~prone restraints~~ seclusion. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of ~~prone restraints~~ seclusion; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The commissioner must consult with interested stakeholders when preparing the report, including representatives of advocacy organizations, special education directors,

teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. ~~By June 30 Beginning with the 2016-2017 school year, in a form and manner determined by the commissioner, districts must report data quarterly to the department by January 15, April 15, July 15, and October 15 about individual students who have been secluded. By July 15 each year, districts must report summary data on their use of restrictive procedures to the department for the prior school year, July 1 through June 30, in a form and manner determined by the commissioner. The summary data must include information about the use of restrictive procedures, including use of reasonable force under section 121A.582.~~

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 8. Minnesota Statutes 2014, section 125A.0942, subdivision 4, is amended to read:

**Subd. 4. Prohibitions.** The following actions or procedures are prohibited:

- (1) engaging in conduct prohibited under section 121A.58;
- (2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;
- (3) totally or partially restricting a child's senses as punishment;
- (4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;
- (5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;
- (6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under section 626.556;
- (7) withholding regularly scheduled meals or water;
- (8) denying access to bathroom facilities; ~~and~~
- (9) physical holding that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso; ~~and~~
- (10) prone restraint.

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

Sec. 9. Minnesota Statutes 2015 Supplement, section 125A.11, subdivision 1, is amended to read:

**Subdivision 1. Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs

(b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. ~~Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76.~~ If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124E.21, subdivision 3, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124E.21, subdivision 1. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d);

(1) an intermediate district or a special education cooperative may recover unreimbursed costs of serving pupils with a disability, including building lease, debt service, and indirect costs necessary for the general operation of the organization, by billing membership fees and nonmember access fees to the resident district;

(2) a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, or a special

education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability:<sup>2</sup>

(3) the billing under clause (1) or application under clause (2) must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph clause (2) must be included in the tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

Sec. 10. Minnesota Statutes 2015 Supplement, section 125A.21, subdivision 3, is amended to read:

Subd. 3. Use of reimbursements. Of the reimbursements received, districts may School districts must reserve third-party revenue and must spend the reimbursements received only to:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program or individualized family service plan health-related services; or

(3) reallocate reimbursements for the benefit of students with individualized education programs or individualized family service plans in the district.

Sec. 11. Minnesota Statutes 2015 Supplement, section 125A.63, subdivision 4, is amended to read:

**Subd. 4. Advisory committees.** (a) The commissioner shall establish advisory committees for the deaf and hard-of-hearing and for the blind and visually impaired. The advisory committees shall develop recommendations and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner.

(b) The advisory committees for the deaf and hard of hearing and for the blind and visually impaired shall meet periodically at least four times per year and. The committees must each review, approve, and submit an annual a biennial report to the commissioner, the education policy and finance committees of the legislature, and the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. The reports must, at least:

(1) identify and report the aggregate, data-based education outcomes for children with the primary disability classification of deaf and hard of hearing or of blind and visually impaired, consistent with the commissioner's child count reporting practices, the commissioner's state and local outcome data reporting system by district and region, and the school performance report cards under section 120B.36, subdivision 1; and

(2) describe the implementation of a data-based plan for improving the education outcomes of deaf and hard of hearing or blind and visually impaired children that is premised on evidence-based best practices, and provide a cost estimate for ongoing implementation of the plan.

Sec. 12. Minnesota Statutes 2015 Supplement, section 125A.76, subdivision 2c, is amended to read:

**Subd. 2c. Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

(f) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative.

(g) The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as

special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

Sec. 13. Minnesota Statutes 2015 Supplement, section 125A.79, subdivision 1, is amended to read:

**Subdivision 1. Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue, excluding local optional revenue, plus local optional aid, and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124E.20, subdivision 1, and transportation revenue according to section 124E.23, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 14. Minnesota Statutes 2015 Supplement, section 127A.47, subdivision 7, is amended to read:

**Subd. 7. Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to

charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

Sec. 15. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	1,170,929,000	
\$	<u>1,183,619,000</u>	..... 2016
	1,229,706,000	
\$	<u>1,247,107,000</u>	..... 2017

The 2016 appropriation includes \$137,932,000 for 2015 and \$1,032,997,000 \$1,045,687,000 for 2016.

The 2017 appropriation includes \$145,355,000 \$147,202,000 for 2016 and \$1,084,351,000 \$1,099,905,000 for 2017.

Sec. 16. **REDUCING STATE-GENERATED SPECIAL EDUCATION PAPERWORK.**

Notwithstanding other law to the contrary in fiscal years 2017 and 2018, the commissioner of education must use existing budgetary resources to identify and remove 25 percent of the paperwork burden on Minnesota special education teachers that results from state but not federally mandated special education compliance reporting requirements.

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

Sec. 17. **APPROPRIATION CANCELED.**

\$1,686,000 on June 30, 2016, is transferred from the information and telecommunications technology systems and services account under Minnesota Statutes, section 16E.21, to the general fund. This represents the amount the Department of Education transferred to that account in fiscal year 2015 after determining that the special education paperwork reduction activities authorized in an appropriation under Laws 2013, chapter 116, article 5, section 31, subdivision 8, were not feasible based on a onetime appropriation.

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

**ARTICLE 30**

**FACILITIES AND TECHNOLOGY**

Section 1. Minnesota Statutes 2014, section 123B.52, subdivision 1, is amended to read:

Subdivision 1. **Contracts.** A contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws and information

systems software, or for the construction or repair of school houses, the estimated cost or value of which shall exceed that specified in section 471.345, subdivision 3, must not be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. This notice must state the time and place of receiving bids and contain a brief description of the subject matter.

Additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract for which a call for bids has been issued must be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law. The person to whom the contract is awarded shall give a sufficient bond to the board for its faithful performance. Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to the purchase of a finished tangible product, a board may require, at its discretion, a performance bond of a contractor in the amount the board considers necessary. A record must be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid must be rejected unless the alteration or erasure is corrected as provided in this section. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district must be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts must not exceed two years with an option on the part of the district to renew for an additional two years. Contracts for the purchase of perishable food items, except milk for school lunches and vocational training programs, in any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt.

Every contract made without compliance with the provisions of this section shall be void. Except in the case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Sec. 2. Minnesota Statutes 2015 Supplement, section 123B.53, subdivision 1, is amended to read:

**Subdivision 1. Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298; debt service loans, capital loans, and lease purchase payments under section 126C.40, subdivision 2, excluding long-term facilities maintenance levies under section 123B.595, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2014, section 123B.53, subdivision 5, is amended to read:

**Subd. 5. Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.

(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$3,400 in fiscal year 2016 and, \$4,430 in fiscal year 2017, and the greater of \$4,430 or 55.33 percent of the initial equalizing factor in fiscal year 2018 and later.

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$8,000 in fiscal years 2016 and 2017, and the greater of \$8,000 or 100 percent of the initial equalizing factor in fiscal year 2018 and later.

(d) For the purposes of this subdivision, the initial equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in all school districts in the state in the year before the year the levy is certified.

Sec. 4. Minnesota Statutes 2014, section 123B.571, subdivision 2, is amended to read:

Subd. 2. **Radon testing.** A school district may include radon testing as a part of its ~~health and safety ten-year facility plan under section 123B.595, subdivision 4~~. If a school district receives authority to use ~~health and safety long-term facilities maintenance~~ revenue to conduct radon testing, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. **[123B.572] SOLAR PANEL FIRE SAFETY.**

A solar photovoltaic system installed at a school must comply with chapter 690 of the most current edition of NFPA 70, the National Electrical Code, adopted under the authority given in section 326B.32, subdivision 2.

Sec. 6. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 1, is amended to read:

Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) ~~the sum of (i) \$193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) ~~the sum of (i) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved~~

by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 7. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 4, is amended to read:

**Subd. 4. Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management.

(b) The district must annually update the plan, biennially submit a facility maintenance the plan to the commissioner for approval by July 31, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 7, is amended to read:

**Subd. 7. Long-term facilities maintenance equalization revenue.** (a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(c) For fiscal year 2019 and later, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(d) Notwithstanding paragraphs (a) to (c), a district's long-term facilities maintenance equalization revenue must not be less than the lesser of the district's long-term facilities maintenance revenue or the amount of aid the district received for fiscal year 2015 under section 123B.59, subdivision 6.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 9. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 8, is amended to read:

**Subd. 8. Long-term facilities maintenance equalized levy.** (a) For fiscal year 2017 and later, a district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance equalization revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance equalization revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(b) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 10. Minnesota Statutes 2015 Supplement, section 123B.595, is amended by adding a subdivision to read:

**Subd. 8a. Long-term facilities maintenance unequalized levy.** For fiscal year 2017 and later, a district's long-term facilities maintenance unequalized levy equals the difference between the district's revenue under subdivision 1 and the district's equalization revenue under subdivision 7.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 9, is amended to read:

**Subd. 9. Long-term facilities maintenance equalized aid.** For fiscal year 2017 and later, a district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance equalization revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual equalized amount levied to the permitted equalized levy.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 12. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 10, is amended to read:

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

- (1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;
- (2) increasing accessibility of school facilities; or
- (3) health and safety capital projects under section 123B.57-; or
- (4) by board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under subdivision 5.

(b) A charter school may use revenue under this section for any purpose related to the school.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 13. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 11, is amended to read:

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision ~~11~~<sup>10</sup>, long-term facilities maintenance revenue may not be used:

- (1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;
- (2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;
- (3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration, or for a purpose unrelated to elementary and secondary education; or
- (4) for violence prevention and facility security, ergonomics, or emergency communication devices.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 14. Minnesota Statutes 2014, section 123B.60, subdivision 1, is amended to read:

Subdivision 1. **Bonds.** When a building owned by a district is substantially damaged by an act of God or other means beyond the control of the district, the district may issue general obligation bonds without an election to provide money immediately to carry out its adopted ~~health and safety long-term facilities maintenance~~ program. Each year the district must pledge an attributable share of its ~~health and safety long-term facilities maintenance~~ revenue to the repayment of principal and interest on the bonds. The pledged revenue must be ~~transferred to recognized in the~~ debt redemption fund of the district. The district must submit to the department the repayment schedule for any bonds issued under this section. The district must deposit in the debt redemption fund all proceeds received for specific costs for which the bonds were issued, including but not limited to:

- (1) insurance proceeds;
- (2) restitution proceeds; and

(3) proceeds of litigation or settlement of a lawsuit.

Before bonds are issued, the district must submit a combined an amended application to the commissioner for ~~health and safety long-term facilities maintenance~~ revenue, according to section 123B.57, and requesting review and comment, according to section 123B.71, subdivisions 8, 9, 11, and 12 ~~123B.595~~. The commissioner shall complete all procedures concerning the combined application within 20 days of receiving the application. The publication provisions of section 123B.71, subdivision 12, do not apply to bonds issued under this section.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 15. Minnesota Statutes 2014, section 123B.71, subdivision 8, is amended to read:

**Subd. 8. Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site if it has a capital loan outstanding, or \$2,000,000 per school site if it does not have a capital loan outstanding, prior to review and comment by the commissioner. A facility addition, maintenance project, or remodeling project funded only with general education revenue, ~~deferred maintenance revenue, alternative facilities bonding and levy program revenue,~~ lease levy proceeds, capital facilities bond proceeds, or ~~health and safety long-term facilities maintenance~~ revenue is exempt from this provision. A capital project under section 123B.63 addressing only technology is exempt from this provision if the district submits a school board resolution stating that funds approved by the voters will be used only as authorized in section 126C.10, subdivision 14. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to review and comments for projects funded with revenue for fiscal year 2017 and later.

Sec. 16. Minnesota Statutes 2014, section 123B.79, subdivision 5, is amended to read:

**Subd. 5. Deficits; exception.** For the purposes of this section, a permanent transfer includes creating a deficit in a nonoperating fund for a period past the end of the current fiscal year which is covered by moneys in an operating fund. However, A deficit in the ~~capital expenditure fund reserve for operating capital account~~ pursuant to section 123B.78, subdivision 5, does not constitute a permanent transfer.

Sec. 17. Minnesota Statutes 2014, section 123B.79, subdivision 8, is amended to read:

**Subd. 8. Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, building construction fund, food service fund, and ~~health and safety long-term facilities maintenance account of the capital expenditure general fund~~. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the

consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

Sec. 18. Minnesota Statutes 2014, section 123B.79, subdivision 9, is amended to read:

~~Subd. 9. Elimination of reserve accounts. A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007. Any balance in the district's reserved for bus purchases account for deferred maintenance as of June 30, 2007 2016, shall be transferred to the reserved account for operating capital long-term facilities maintenance in the school district's general fund. Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated. Any balance in the district's reserved account for health and safety as of June 30, 2019, shall be transferred to the unassigned fund balance account in the district's general fund. Any balance in the district's reserved account for alternative facilities as of June 30, 2016, shall be transferred to the reserved account for long-term facilities maintenance in the district's building construction fund.~~

**EFFECTIVE DATE.** This section is effective July 1, 2016, for fiscal year 2017 and later.

Sec. 19. Minnesota Statutes 2014, section 126C.40, subdivision 5, is amended to read:

~~Subd. 5. Energy conservation. For loans approved before March 1, 1998, the district may annually include as revenue under section 123B.53, without the approval of a majority of the voters in the district, an amount sufficient to repay the annual principal and interest of the loan made pursuant to sections 216C.37 and 298.292 to 298.298. For energy loans approved after March 1, 1998, under sections 216C.37 and 298.292 to 298.298, school districts must annually transfer from the general fund to the debt redemption fund the amount sufficient to pay interest and principal on the loans.~~

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 20. Minnesota Statutes 2015 Supplement, section 126C.48, subdivision 8, is amended to read:

**Subd. 8. Taconite payment and other reductions.** (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values must reduce the levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A, excluding the student achievement levy under section 126C.13, subdivision 3b, by 95 percent of the sum of the previous year's revenue specified under this clause and the amount attributable to the same production year distributed to the cities and townships within the school district under section 298.28, subdivision 2, paragraph (c).

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision, except that payments under section 298.28, subdivision 7a, may reduce the debt service levy by more than 50 percent. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the ~~health and safety long-term facilities maintenance~~ levy authorized by sections ~~123B.57 and 126C.40, subdivision 5~~ section 123B.595, the commissioner shall ascertain from each affected school district the amount it proposes to levy ~~under each section or subdivision~~. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 21. Minnesota Statutes 2014, section 126C.63, subdivision 7, is amended to read:

Subd. 7. Required debt service levy. "Required debt service levy" means the total dollar amount needed to be included in the taxes levied by the district in any year for payment of interest and principal falling due on its debts prior to collection of the next ensuing year's debt service levy ~~excluding levies for bonds issued after the later of (1) November 30, 2016, or (2) three years after the date of the district's receipt of a capital loan from the state, and excluding the debt service levy for obligations under sections 123B.595, 123B.61, and 123B.62.~~

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 22. Laws 2011, First Special Session chapter 11, article 4, section 8, is amended to read:

**Sec. 8. EARLY REPAYMENT.**

(a) A school district that received a maximum effort capital loan prior to January 1, 1997, may repay the full outstanding original principal on its capital loan prior to July 1, 2012, and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

(b) A school district with an outstanding capital loan balance that received a maximum effort capital loan prior to January 1, 2007, may repay to the commissioner of education by November 30, 2016, the full outstanding original principal on its capital loan and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

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

Sec. 23. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 2, is amended to read:

Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

\$	0	.....	2016
	<u>52,088,000</u>		
\$	<u>52,844,000</u>	.....	2017

The 2017 appropriation includes \$0 for 2016 and \$52,088,000 \$52,844,000 for 2017.

Sec. 24. **INTERNET BROADBAND EXPANSION FOR STUDENTS; INNOVATIVE GRANTS.**

Subdivision 1. **Broadband Wi-Fi hot spots.** (a) A school district is eligible for a broadband hot spot grant not to exceed \$50,000 to support wireless off-campus learning through a student's use of a data card, USB modem, or other mobile broadband device that enables the student to access learning materials available on the Internet through a mobile broadband connection. A district's application for a grant under this subdivision must describe its approach for identifying and prioritizing access for low-income students and others otherwise unable to access the Internet and may include a description of local or private matching grants or in-kind contributions.

(b) When evaluating applications, the commissioner may give priority to grant applications that include local in-kind contributions. To the extent practicable, the commissioner must distribute the grants to districts located throughout the state including in urban areas, suburban areas, and in greater Minnesota.

(c) A school district may develop its application in cooperation with its community education department, its adult basic education program provider, a public library, or other community partner.

(d) A school district that qualifies for general education transportation sparsity revenue under Minnesota Statutes, section 126C.10, may apply to the commissioner of education for a school bus Internet access grant as a part of its grant application under paragraph (a). The commissioner of education must prioritize grants to districts with the longest bus routes. A school district that receives a grant under this subdivision may use the grant to purchase or lease equipment designed to make Internet access available on school buses, including routers and mobile Wi-Fi hot spots to connect to the Internet, and may also purchase or lease one-to-one devices for students. The one-to-one devices may be connected to the Internet through the Wi-Fi hot spot or otherwise contain content for age-appropriate, self-directed learning.

Subd. 2. **Internet access for students.** Consistent with Minnesota Statutes, section 125B.15, all grant applications submitted under this section must demonstrate to the commissioner's satisfaction that the Internet access provided through the grant proceeds will include filtering technology or other

effective methods to limit student access to material that is reasonably believed to be obscene, child pornography, or material harmful to minors under federal or state law.

**Sec. 25. APPROPRIATIONS.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the commissioner of education for the fiscal years designated.

Subd. 2. Broadband expansion grants. For broadband expansion grants:

\$ 500,000 .... 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 5. Early repayment aid incentive. (a) For incentive grants for a district that repays the full outstanding original principal on its capital loan by November 30, 2016, under Laws 2011, First Special Session chapter 11, article 4, section 8, as amended by this act:

\$ 2,200,000 .... 2017

(b) Of this amount, \$180,000 is for a grant to Independent School District No. 95, Cromwell; \$495,000 is for a grant to Independent School District No. 299, Caledonia; \$220,000 is for a grant to Independent School District No. 306, Laporte; \$150,000 is for a grant to Independent School District No. 362, Littlefork; \$650,000 is for a grant to Independent School District No. 682, Roseau; and \$505,000 is for a grant to Independent School District No. 2580, East Central.

(c) The grant may be used for any school-related purpose.

(d) The base appropriation for 2022 is zero.

**Sec. 26. REPEALER.**

Minnesota Statutes 2014, sections 123B.60, subdivision 2; and 123B.79, subdivisions 2 and 6, are repealed for fiscal year 2017 and later.

## ARTICLE 31

### EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.135, subdivision 6, is amended to read:

Subd. 6. Home visiting levy revenue. (a) A district that is eligible to levy for early childhood family education under subdivision 3 and that enters into a collaborative agreement to provide education services and social services to families with young children ~~may levy an amount equal to \$1.60 is eligible for home visiting revenue.~~

(b) Total home visiting revenue for a district equals \$3 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy Revenue under this subdivision must not be included as revenue under subdivision 1. The revenue must be used for home visiting programs under section 124D.13, subdivision 4.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.135, is amended by adding a subdivision to read:

Subd. 6a. Home visiting levy. To obtain home visiting revenue, a district may levy an amount not more than the product of its home visiting revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the home visiting equalizing factor. The home visiting equalizing factor equals \$17,250 for fiscal year 2018 and later.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

Sec. 3. Minnesota Statutes 2014, section 124D.135, is amended by adding a subdivision to read:

Subd. 6b. Home visiting aid. A district's home visiting aid equals its home visiting revenue minus its home visiting levy times the ratio of the actual amount levied to the permitted levy.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

Sec. 4. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 7, is amended to read:

**Subd. 7. Parent-child home program.** For a grant to the parent-child home program:

\$	350,000	.....	2016
	<u>350,000</u>		
\$	<u>2,350,000</u>	.....	2017

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2016 and 2017.

The base appropriation for this program for fiscal year 2018 and later is \$350,000. The 2017 appropriation is available until June 30, 2019.

To the extent practicable, the parent-child home program is encouraged to expend the fiscal year 2017 appropriation equally over fiscal years 2017, 2018, and 2019.

Sec. 5. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 9, is amended to read:

**Subd. 9. Quality Rating System.** For transfer to the commissioner of human services for the purposes of expanding the Quality Rating and Improvement System under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the Quality Rating and Improvement System:

\$	1,200,000	.....	2016
	<u>2,300,000</u>		
\$	<u>4,300,000</u>	.....	2017

To the extent possible, the commissioner must direct at least \$2,000,000 of the 2017 appropriation toward increasing access and providing training assistance to providers who are located in underserved or low-income neighborhoods.

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 and later is \$1,750,000.

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

**Sec. 6. APPROPRIATION.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the commissioner of education for the fiscal year designated.

Subd. 2. St. Cloud preschool pilot program. For a grant to Independent School District No. 742, St. Cloud, to establish a preschool pilot program targeting low-income students and English learners.

\$            430,000       ....    2017

Funds appropriated in this section are to be used to create morning and afternoon preschool sections, serving at least 90 students from families with low income or from families where English is not the primary language spoken in the child's home environment. The funds appropriated under this section may be used to purchase developmentally appropriate furniture and materials, instructional materials, and curriculum materials; hire and train teachers and staff; and offset transportation costs.

Independent School District No. 742, St. Cloud, must submit an annual report by January 15 of 2017, 2018, and 2019, describing the activities undertaken and outcomes achieved with this grant. The 2019 report must contain recommendations for other districts interested in similar prekindergarten programs.

This is a onetime appropriation. The fiscal year 2017 appropriation is available until June 30, 2019.

## ARTICLE 32

### SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2014, section 124D.52, subdivision 1, is amended to read:

**Subdivision 1. Program requirements.** (a) An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school and are not subject to compulsory attendance. The program offers academic and English language instruction necessary to earn a high school diploma or equivalency certificate.

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

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

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

(e) A state-approved adult basic education program must count and submit student contact hours for a program that offers high school credit toward an adult high school diploma according to student eligibility requirements and measures of student progress toward work-based competency and, where appropriate, English language proficiency requirements established by the commissioner and posted on the department Web site in a readily accessible location and format.

Sec. 2. Minnesota Statutes 2014, section 124D.52, subdivision 2, is amended to read:

**Subd. 2. Program approval.** (a) To receive aid under this section, a district, ~~a consortium of districts, the Department of Corrections, or a private nonprofit organization, or a consortium including districts, nonprofit organizations, or both~~ must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning and English language proficiency will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules;
- (10) program expenditures that qualify for aid;
- (11) program ability to provide data related to learner outcomes as required by law; and
- (12) a copy of the memorandum of understanding described in subdivision 1 submitted to the commissioner.

(b) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval must be granted to an applicant who has demonstrated the capacity to:

- (1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill and English language levels of need;
- (2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:
  - (i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, English language learning, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations;

(7) submit accurate and timely performance and fiscal reports;

(8) submit accurate and timely reports related to program outcomes and learner follow-up information; and

(9) spend adult basic education aid on adult basic education purposes only, which are specified in sections 124D.518 to 124D.531.

(c) The commissioner shall require each district to provide notification by February 1, 2001, of its intent to apply for funds under this section as a single district or as part of ~~an identified consortium of districts~~. A district receiving funds under this section must notify the commissioner by February 1 of its intent to change its application status for applications due the following June 1.

Sec. 3. Minnesota Statutes 2014, section 124D.55, is amended to read:

**124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test tests, but not more than \$40 for an eligible individual.

For fiscal year 2017 only, the commissioner shall pay 100 percent of the fee charged to an eligible individual for the full battery of general education development (GED) tests, but not more than the cost of one full battery of tests per year for any individual.

Sec. 4. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 3, is amended to read:

Subd. 3. **GED tests.** For payment of ~~60 percent of the costs of GED tests~~ test costs under Minnesota Statutes, section 124D.55:

\$	125,000	.....	2016
	<del>125,000</del>		
\$	<u>245,000</u>	.....	2017

The base appropriation for fiscal year 2018 and later is \$125,000.

**Sec. 5. APPROPRIATIONS.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the commissioner of education for the fiscal years designated.

Subd. 2. Adult basic education. For a grant for additional adult basic aid:

\$	400,000	.....	2017
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The International Education Center, the American Indian Opportunities Industrialization Center, and the Minnesota Office of Communication Service for the Deaf are eligible for additional adult basic education aid for innovative programs for fiscal year 2017 only. The onetime aid for each organization equals \$400,000 times the ratio of the organization's number of students served for the previous fiscal year to the sum of the three organizations' number of students served for the previous fiscal year.

This is a onetime appropriation.

Subd. 3. Adult basic education grants. (a) For adult basic education grants:

\$	400,000	.....	2017
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(b) Of this amount, \$150,000 is for grants to the International Institute of Minnesota to establish a college readiness academy. A college readiness academy is a partnership between ABE programs, with support from Minnesota State Colleges and Universities, to prepare ABE students to successfully enter college and complete credit-bearing courses needed for career-related credentials. The academy must include academic skill building for college success, integrated sector-specific academic training when applicable, and intensive navigation and educational support for the program participants.

(c) Of this amount, \$150,000 is for a grant to Summit Academy OIC to establish a contextualized GED or adult diploma program to prepare adults for successful GED or adult diploma completion and successful entry into credentialing programs leading to careers. The program must:

(1) provide program navigation and academic supports;

(2) be connected to an ABE consortium and partner with the Department of Employment and Economic Development; and

(3) provide instruction in one of the state's six demand sectors identified by the Department of Employment and Economic Development, serving participants in the top three ABE levels of ABE intermediate high, adult secondary education (ASE) low, or ASE high.

(d) Of this amount, \$100,000 is for grants to ABE programs to provide ABE navigating and advising support services. The programs must help ABE students:

- (1) explore careers;
  - (2) develop personalized learning;
  - (3) plan for a postsecondary education and career;
  - (4) attain personal learning goals;
  - (5) complete a standard adult high school diploma under Minnesota Statutes, section 124D.52, subdivisions 8 and 9, or complete a GED;
  - (6) develop time management and study skills;
  - (7) develop critical academic and career-related skills needed to enroll in a postsecondary program without need for remediation;
  - (8) navigate the registration process for a postsecondary program;
  - (9) understand postsecondary program requirements and instruction expectations; and
  - (10) resolve personal issues related to mental health, domestic abuse, chemical abuse, homelessness, and other issues that, if left unaddressed, are barriers to enrolling in and completing a postsecondary program.
- (e) The commissioner must award ABE navigating and advising support services grants to up to eight ABE programs. The commissioner shall award grants to programs based on program capacity, need, and geographic balance of programs around the state. The commissioner shall give priority to ABE programs already providing navigating and advising support services. The commissioner shall allocate the grant funding based on the number of ABE program participants the program served in the prior year.
- (f) This is a onetime appropriation and is available until June 30, 2019.

## ARTICLE 33

### STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 122A.21, as amended by Laws 2015, First Special Session chapter 3, article 2, section 17, is amended to read:

#### **122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.**

**Subdivision 1. Licensure applications.** Each application for the issuance, renewal, or extension of a license to teach, including applications for licensure via portfolio under subdivision 2, must be accompanied by a processing fee of \$57. ~~Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching.~~ The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board. The executive secretary of the board shall deposit the fees with the commissioner of management and budget. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the commissioner of management and budget in any case in

which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

**Subd. 2. Licensure via portfolio.** (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure a professional five-year teaching license or to add a licensure field, consistent with applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure a professional five-year teaching license must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) The Board of Teaching must notify a candidate who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio was approved. If the portfolio was not approved, the board must immediately inform the candidate how to revise the portfolio to successfully demonstrate the requisite competence. The candidate may resubmit a revised portfolio at any time and the Educator Licensing Division at the department must approve or disapprove the portfolio within 60 calendar days of receiving it.

(e) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. ~~The fees must be paid to the executive secretary of the Board of Teaching.~~ The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 2. Laws 2015, First Special Session chapter 3, article 12, section 4, subdivision 2, is amended to read:

**Subd. 2. Department.** (a) For the Department of Education:

\$	<u>21,246,000</u>		
	<u>21,276,000</u>	.....	2016
	<u>21,973,000</u>		
\$	<u>26,384,000</u>	.....	2017

Of these amounts:

(1) \$718,000 each year \$748,000 in fiscal year 2016 and zero in fiscal year 2017 is for the Board of Teaching. Any balance in the first year does not cancel, but is available in the second year;

(2) \$228,000 in fiscal year 2016 and \$231,000 in fiscal year 2017 are for the Board of School Administrators;

(3) \$1,000,000 each year is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;

(4) \$500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052;

(5) \$250,000 each year is for the School Finance Division to enhance financial data analysis; and

(6) \$441,000 in fiscal year 2016 and \$720,000 in fiscal year 2017 is for implementing Laws 2014, chapter 272, article 1, Minnesota's Learning for English Academic Proficiency and Success Act, as amended;

(7) \$2,750,000 in fiscal year 2017 only is for implementation of schoolwide Positive Behavioral Interventions and Supports (PBIS) in schools and districts throughout Minnesota to reduce the use of restrictive procedures and increase use of positive practices. This is a onetime appropriation; and

(8) \$1,000,000 in fiscal year 2017 only is for Department of Education information technology enhancements and security. This is a onetime appropriation.

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

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base budget in fiscal year 2018 is \$21,973,000 \$22,121,000. The agency's base budget in fiscal year 2019 is \$21,948,000 \$22,096,000.

**Subd. 3. Licensure by Portfolio. For licensure by portfolio:**

\$ 34,000 ..... 2017

This appropriation is from the educator licensure portfolio account of the special revenue fund.

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

**Sec. 3. APPROPRIATIONS; BOARD OF TEACHING.**

(a) The sums indicated in this section are appropriated from the general fund to the Board of Teaching for the fiscal years designated:

\$ 1,018,000 ..... 2017

Of this amount, \$80,000 in fiscal year 2017 only is for a contract for an electronic statewide school teacher and administrator job board. The job board must allow school districts to post job openings for prekindergarten through grade 12 teaching and administrative positions. Notwithstanding Minnesota Statutes, section 16E.0466, the board is not required to consult with the Office of MN.IT Services nor transfer any of this appropriation to the Office of MN.IT Services.

(b) This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be

incorporated into an interagency agreement and will be paid to the Office of MN.IT Services by the Board of Teaching under the mechanism specified in that agreement.

(c) The board's base budget for fiscal year 2018 and later is \$968,000.

## ARTICLE 34

### FORECAST ADJUSTMENTS

#### A. GENERAL EDUCATION

Section 1. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 4, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	<u>2,740,000</u>		
	<u>3,051,000</u>	.....	2016
	<u>2,932,000</u>		
\$	<u>3,425,000</u>	.....	2017

The 2016 appropriation includes \$278,000 for 2015 and ~~\$2,462,000~~ \$2,773,000 for 2016.

The 2017 appropriation includes ~~\$273,000~~ \$308,000 for 2016 and ~~\$2,659,000~~ \$3,117,000 for 2017.

Sec. 2. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<u>292,000</u>		
	<u>22,000</u>	.....	2016
	<u>165,000</u>		
\$	<u>0</u>	.....	2017

The 2016 appropriation includes \$22,000 for 2015 and ~~\$270,000~~ \$0 for 2016.

The 2017 appropriation includes ~~\$30,000~~ \$0 for 2016 and ~~\$135,000~~ \$0 for 2017.

Sec. 3. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<u>16,881,000</u>		
	<u>16,759,000</u>	.....	2016
	<u>17,460,000</u>		
\$	<u>17,235,000</u>	.....	2017

The 2016 appropriation includes \$1,575,000 for 2015 and ~~\$15,306,000~~ \$15,184,000 for 2016.

The 2017 appropriation includes ~~\$1,700,000~~ \$1,687,000 for 2016 and ~~\$15,760,000~~ \$15,548,000 for 2017.

Sec. 4. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 7, is amended to read:

**Subd. 7. Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	<del>17,654,000</del>	
\$	<u>17,673,000</u>	..... 2016
	<del>17,792,000</del>	
\$	<u>18,103,000</u>	..... 2017

The 2016 appropriation includes \$1,816,000 for 2015 and ~~\$15,838,000~~ \$15,857,000 for 2016.

The 2017 appropriation includes ~~\$1,759,000~~ \$1,761,000 for 2016 and ~~\$16,033,000~~ \$16,342,000 for 2017.

Sec. 5. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 9, is amended to read:

**Subd. 9. Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	<del>5,420,000</del>	
\$	<u>5,922,000</u>	..... 2016
	<del>4,405,000</del>	
\$	<u>4,262,000</u>	..... 2017

The 2016 appropriation includes \$574,000 for 2015 and ~~\$4,846,000~~ \$5,348,000 for 2016.

The 2017 appropriation includes ~~\$538,000~~ \$517,000 for 2016 and ~~\$3,867,000~~ \$3,745,000 for 2017.

## B. EDUCATION EXCELLENCE

Sec. 6. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 4, is amended to read:

**Subd. 4. Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	<del>44,552,000</del>	
\$	<u>44,538,000</u>	..... 2016
	<del>45,508,000</del>	
\$	<u>45,855,000</u>	..... 2017

The 2016 appropriation includes \$4,683,000 for 2015 and ~~\$39,869,000~~ \$39,855,000 for 2016.

The 2017 appropriation includes \$4,429,000 \$4,428,000 for 2016 and \$41,079,000 \$41,427,000 for 2017.

Sec. 7. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 5, is amended to read:

**Subd. 5. Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	<del>15,023,000</del>	
\$	<u>14,423,000</u>	..... 2016
	<del>15,825,000</del>	
\$	<u>15,193,000</u>	..... 2017

Sec. 8. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 7, is amended to read:

**Subd. 7. Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	<del>4,340,000</del>	
\$	<u>3,539,000</u>	..... 2016
	<del>5,090,000</del>	
\$	<u>3,715,000</u>	..... 2017

The 2016 appropriation includes \$204,000 for 2015 and \$4,136,000 \$3,335,000 for 2016.

The 2017 appropriation includes \$459,000 \$370,000 for 2016 and \$4,631,000 \$3,345,000 for 2017.

Sec. 9. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 11, is amended to read:

**Subd. 11. American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

	<del>7,868,000</del>	
\$	<u>7,740,000</u>	..... 2016
	<del>8,875,000</del>	
\$	<u>8,878,000</u>	..... 2017

The 2016 appropriation includes \$0 for 2015 and \$7,868,000 \$7,740,000 for 2016.

The 2017 appropriation includes \$874,000 \$860,000 for 2016 and \$8,001,000 \$8,018,000 for 2017.

## C. SPECIAL PROGRAMS

Sec. 10. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 3, is amended to read:

Subd. 3. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

	<u>361,000</u>	
\$	<u>416,000</u>	..... 2016
	<u>371,000</u>	
\$	<u>435,000</u>	..... 2017

The 2016 appropriation includes \$35,000 for 2015 and ~~\$326,000~~ \$381,000 for 2016.

The 2017 appropriation includes ~~\$36,000~~ \$42,000 for 2016 and ~~\$335,000~~ \$393,000 for 2017.

Sec. 11. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 5, is amended to read:

Subd. 5. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

	<u>1,406,000</u>	
\$	<u>1,307,000</u>	..... 2016
	<u>1,629,000</u>	
\$	<u>1,516,000</u>	..... 2017

If the appropriation for either year is insufficient, the appropriation for the other year is available.

#### D. FACILITIES AND TECHNOLOGY

Sec. 12. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

	20,349,000	..... 2016
	<u>22,171,000</u>	
\$	<u>22,926,000</u>	..... 2017

The 2016 appropriation includes \$2,295,000 for 2015 and \$18,054,000 for 2016.

The 2017 appropriation includes \$2,005,000 for 2016 and ~~\$20,166,000~~ \$20,921,000 for 2017.

Sec. 13. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

	<u>3,520,000</u>	
\$	<u>3,523,000</u>	..... 2016
\$	345,000	..... 2017

The 2016 appropriation includes \$409,000 for 2015 and ~~\$3,111,000~~ \$3,114,000 for 2016.

The 2017 appropriation includes \$345,000 for 2016 and \$0 for 2017.

Sec. 14. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 7, is amended to read:

**Subd. 7. Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

	501,000	
\$	<u>588,000</u>	..... 2016
	48,000	
\$	<u>57,000</u>	..... 2017

The 2016 appropriation includes \$66,000 for 2015 and ~~\$435,000~~ \$522,000 for 2016.

The 2017 appropriation includes ~~\$48,000~~ \$57,000 for 2016 and \$0 for 2017.

#### E. NUTRITION

Sec. 15. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 4, is amended to read:

**Subd. 4. Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	942,000	
\$	<u>788,000</u>	..... 2016
	942,000	
\$	<u>788,000</u>	..... 2017

#### F. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Sec. 16. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 5, is amended to read:

**Subd. 5. Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	28,444,000	
\$	<u>27,948,000</u>	..... 2016
	29,939,000	
\$	<u>29,336,000</u>	..... 2017

The 2016 appropriation includes \$2,713,000 for 2015 and ~~\$25,731,000~~ \$25,235,000 for 2016.

The 2017 appropriation includes ~~\$2,858,000~~ \$2,803,000 for 2016 and ~~\$27,081,000~~ \$26,533,000 for 2017.

Sec. 17. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	3,363,000	
\$	<u>3,477,000</u>	..... 2016
	3,369,000	
\$	<u>3,488,000</u>	..... 2017

The 2016 appropriation includes \$338,000 for 2015 and ~~\$3,025,000~~ \$3,139,000 for 2016.

The 2017 appropriation includes ~~\$336,000~~ \$348,000 for 2016 and ~~\$3,033,000~~ \$3,140,000 for 2017.

Sec. 18. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

	788,000	
\$	<u>790,000</u>	..... 2016
	554,000	
\$	<u>553,000</u>	..... 2017

The 2016 appropriation includes \$107,000 for 2015 and ~~\$681,000~~ \$683,000 for 2016.

The 2017 appropriation includes \$75,000 for 2016 and ~~\$479,000~~ \$478,000 for 2017.

Sec. 19. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	49,118,000	
\$	<u>48,231,000</u>	..... 2016
	50,592,000	
\$	<u>49,683,000</u>	..... 2017

The 2016 appropriation includes \$4,782,000 for 2015 and ~~\$44,336,000~~ \$43,449,000 for 2016.

The 2017 appropriation includes ~~\$4,926,000~~ \$4,827,000 for 2016 and ~~\$45,666,000~~ \$44,856,000 for 2017."

Delete the title and insert:

"A bill for an act relating to state government; providing supplemental appropriations and policy for higher education, agriculture, broadband development, state agencies, the courts, public safety, corrections, environment, natural resources, state government, veterans, jobs, economic

development, labor and industry, commerce, housing finance, health and human services, early childhood education, voluntary prekindergarten, kindergarten through grade 12 education, and community and adult education; providing for the James Metzen Mighty Ducks Ice Center Development Act; providing policy initiatives for state government programs; making policy, technical, and conforming changes to various provisions, including provisions governing broadband development, state broadband goals, postsecondary student aid programs, agriculture, driver's licenses, identification cards, predatory offender registration, prostitution, game and fish, natural resources, state lands, watercraft, recreational vehicles, energy, utilities, state agencies, the Board of Barbers, veterans, economic development, labor and industry, housing, the Public Employment Relations Board, Explore Minnesota Tourism, commerce, children and family services, mental and chemical health services, direct care and treatment, continuing care, health care programs, Department of Health programs, and health-related licensing; making forecast adjustments; making adjustments to certain appropriations; specifying requirements for construction of highways on tribal lands; creating a surrogacy commission; modifying state procurement contracts; establishing certain programs and incentives; providing an income tax subtraction for military retirement pay; providing an income tax credit for parents of stillborn children; modifying the sales and use tax rate for retail sales of modular homes; increasing maximum sentence for felony assault motivated by bias; permitting the purchase and possession of alcohol by sensory testing firms; authorizing the issuance of certain liquor licenses; authorizing transfers; creating accounts; creating task forces; requiring reports; authorizing rulemaking; providing criminal penalties; amending Minnesota Statutes 2014, sections 3.3005, subdivisions 3, 3b, 4, 5, 6, by adding subdivisions; 13.3805, by adding a subdivision; 16A.103, by adding a subdivision; 16C.10, subdivision 6; 16C.16, subdivisions 6, 7, 11, by adding a subdivision; 16E.0466; 16E.21, subdivision 2, by adding subdivisions; 17.117, subdivisions 4, 11a; 17.4982, subdivision 18a; 18B.26, subdivision 3; 41A.12, subdivision 2; 61A.24, by adding a subdivision; 61A.25, by adding a subdivision; 62D.04, subdivision 1; 62D.08, subdivision 3; 62J.495, subdivision 4; 62J.496, subdivision 1; 62V.05, by adding a subdivision; 84.027, subdivision 13; 84.091, subdivision 2; 84.798, subdivision 2; 84.8035; 84D.01, subdivision 2; 84D.05, subdivision 1; 84D.09, subdivision 2; 84D.10, subdivision 4; 84D.108, by adding a subdivision; 84D.13, subdivision 4; 85.015, subdivision 13; 86B.005, by adding subdivisions; 88.01, by adding a subdivision; 88.22, subdivision 1; 89.0385; 93.0015, subdivision 3; 93.2236; 94.3495, subdivisions 2, 3, 7; 97A.075, subdivision 7; 97A.405, subdivision 2; 97A.465, by adding a subdivision; 115C.09, subdivisions 1, 3; 115C.13; 116J.395, subdivisions 4, 5, by adding subdivisions; 116J.423; 116J.424; 116J.431, subdivisions 1, 2, 4, 6; 116J.68; 116J.8737, subdivisions 2, 3, 5, 12; 116J.8747, subdivisions 1, 2; 116L.99; 116M.14, subdivisions 2, 4, by adding subdivisions; 116M.15, subdivision 1, by adding a subdivision; 116M.17, subdivisions 2, 4; 116M.18; 120A.42; 120B.02, by adding a subdivision; 120B.021, subdivisions 1, 3; 120B.11, subdivisions 1a, 2, 3, 4, 5; 120B.12, subdivision 2; 120B.15; 120B.232; 120B.30, subdivision 2, by adding a subdivision; 120B.31, subdivision 5, by adding subdivisions; 120B.35; 120B.36, as amended; 121A.53; 121A.61, subdivision 3; 121A.64; 122A.09, as amended; 122A.16; 122A.18, as amended; 122A.21, as amended; 122A.245, as amended; 122A.31, subdivision 3; 122A.4144; 122A.416; 122A.42; 122A.63, subdivision 1; 122A.72, subdivision 5; 123A.24, subdivision 2; 123B.045, by adding a subdivision; 123B.52, subdivision 1; 123B.53, subdivision 5; 123B.571, subdivision 2; 123B.60, subdivision 1; 123B.71, subdivision 8; 123B.79, subdivisions 5, 8, 9; 124D.03, subdivision 5a; 124D.111, by adding a subdivision; 124D.1158, subdivisions 3, 4; 124D.135, subdivision 6, by adding subdivisions; 124D.15, subdivisions 3a, 15; 124D.52, subdivisions 1, 2; 124D.55; 124D.59, by adding a subdivision; 124D.68, subdivision 2; 124D.861, as amended; 125A.091, subdivision 11;

125A.0942, subdivision 4; 125A.56, subdivision 1; 126C.05, subdivision 3; 126C.10, subdivisions 2d, 24; 126C.40, subdivision 5; 126C.63, subdivision 7; 127A.095; 127A.353, subdivision 4; 127A.45, subdivision 6a; 127A.51; 129C.10, subdivision 1; 136A.101, subdivisions 5a, 10; 144.05, by adding a subdivision; 144A.073, subdivisions 13, 14, by adding a subdivision; 144A.611, subdivisions 1, 2, by adding a subdivision; 144A.75, subdivisions 5, 6, 8, by adding a subdivision; 145.4716, subdivision 2, by adding a subdivision; 149A.50, subdivision 2; 154.001, subdivision 2; 154.002; 154.01; 154.02; 154.04; 154.05; 154.065, subdivisions 2, 4; 154.07; 154.08; 154.09; 154.10, subdivision 2; 154.11, subdivision 1; 154.14; 154.15; 154.161, subdivision 7; 154.162; 154.19; 154.21; 154.24; 154.25; 161.368; 171.07, subdivisions 6, 7, 15, by adding a subdivision; 197.455, subdivision 1; 214.075, subdivision 3; 216B.16, subdivision 12; 216B.1691, subdivision 10; 216B.241, subdivision 1c; 216B.243, subdivision 8; 216C.20, subdivision 3; 216E.03, subdivision 5; 216H.01, by adding a subdivision; 216H.03, subdivision 1; 237.012; 243.166, subdivision 1b; 245.92; 245.94; 245.95, subdivision 1; 245.97, subdivision 5; 245.99, subdivision 2; 245A.11, subdivision 2a, as amended; 246.50, subdivision 7; 246.54, as amended; 246B.01, subdivision 1b; 246B.035; 254B.01, subdivision 4a; 254B.03, subdivision 4; 254B.04, subdivision 2a; 254B.06, subdivision 2, by adding a subdivision; 256.01, by adding a subdivision; 256B.059, subdivisions 1, 2, 3, by adding a subdivision; 256B.06, subdivision 4; 256B.0622, by adding a subdivision; 256B.0625, subdivisions 30, 34, by adding a subdivision; 256B.15, subdivisions 1, 1a, 2; 256D.051, subdivision 6b; 256L.01, subdivision 1a; 256L.04, subdivisions 1a, 2; 256L.07, subdivision 1; 256L.11, subdivision 7; 256N.26, subdivision 3; 260C.451, by adding a subdivision; 268.035, subdivisions 12, 20, 23a, 29, by adding subdivisions; 268.051, subdivision 5; 268.085, subdivisions 4, 5; 268.0865, subdivisions 3, 4; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.18; 268.182, subdivision 2; 290.01, subdivision 19b; 297A.62, subdivision 3; 299A.41, subdivisions 3, 4; 326B.439; 326B.49, subdivision 1; 327.14, subdivision 8; 327C.03, subdivision 6; 327C.095, subdivisions 12, 13; 373.48, subdivision 3; 462A.204, subdivisions 1, 3; 484.90, subdivision 6; 518.175, subdivision 5; 518A.34; 518A.35, subdivision 1; 518A.36; 609.3241; 626.556, subdivision 3e; 626.558, subdivisions 1, 2, by adding a subdivision; Minnesota Statutes 2015 Supplement, sections 16A.152, subdivision 2; 16A.724, subdivision 2; 16C.073, subdivision 2; 16C.16, subdivision 6a; 41A.14; 41A.15, subdivision 10, by adding subdivisions; 41A.16, subdivision 1; 41A.17, subdivisions 1, 2; 41A.18, subdivision 1; 84.027, subdivision 13a; 84D.11, subdivision 1; 84D.13, subdivision 5; 116D.04, subdivision 2a; 116J.394; 120A.41; 120B.021, subdivision 4; 120B.125; 120B.30, subdivision 1; 120B.301; 120B.31, subdivision 4; 122A.23; 122A.40, subdivision 8; 122A.41, subdivision 5; 122A.414, subdivisions 1, 2, 2b, 3; 122A.415, subdivision 4; 122A.60, subdivision 4; 123B.53, subdivision 1; 123B.595, subdivisions 1, 4, 7, 8, 9, 10, 11, by adding a subdivision; 124D.231, subdivision 2; 124D.59, subdivision 2; 124D.73, subdivision 4; 124E.01; 124E.02; 124E.03; 124E.05; 124E.06; 124E.07; 124E.08; 124E.10; 124E.12; 124E.13; 124E.15; 124E.16; 124E.17; 124E.22; 124E.24; 124E.25; 124E.26; 125A.08; 125A.083; 125A.0942, subdivision 3; 125A.11, subdivision 1; 125A.21, subdivision 3; 125A.63, subdivision 4; 125A.76, subdivision 2c; 125A.79, subdivision 1; 126C.05, subdivision 1; 126C.10, subdivision 13a; 126C.48, subdivision 8; 127A.05, subdivision 6; 127A.47, subdivision 7; 136A.121, subdivision 7a; 136A.125, subdivisions 2, 4; 136A.1791, subdivisions 4, 5, 6; 136A.246, by adding subdivisions; 136A.87; 136F.302, subdivision 1; 144.4961, subdivisions 3, 4, 5, 6, 8, by adding subdivisions; 144A.75, subdivision 13; 149A.92, subdivision 1; 154.003; 154.11, subdivision 3; 154.161, subdivision 4; 197.46; 245.735, subdivisions 3, 4; 254B.05, subdivision 5; 256B.059, subdivision 5; 256B.0625, subdivision 17a; 256B.431, subdivision 36; 256B.76, subdivisions 2, 4; 256B.766; 256L.01, subdivision 5; 256L.04, subdivision 7b; 256L.05, subdivision 3a; 256L.06, subdivision 3; 256L.15, subdivision 1; 256P.06, subdivision 3; 260C.203;

260C.212, subdivisions 1, 14; 260C.215, subdivision 4; 260C.451, subdivision 6; 260C.521, subdivision 1; 268.07, subdivision 3b; 268.085, subdivision 2; 326B.13, subdivision 8; 326B.988; 518A.26, subdivision 14; 518A.39, subdivision 2; 583.215; 609.324, subdivision 1; 626.556, subdivision 2; Laws 2001, chapter 130, section 3; Laws 2011, First Special Session chapter 11, article 4, section 8; Laws 2014, chapter 198, article 2, section 2; Laws 2014, chapter 211, section 13; Laws 2014, chapter 312, article 2, sections 14; 15; article 12, section 6, subdivision 5, as amended; Laws 2015, chapter 65, article 1, section 18; Laws 2015, chapter 69, article 1, section 3, subdivision 28; article 3, sections 20, subdivision 15; 24, subdivision 1; Laws 2015, chapter 71, article 8, section 24; article 14, section 4, subdivision 3; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 3; 4; 6; article 6, section 16; Laws 2015, First Special Session chapter 3, article 1, sections 24; 27, subdivisions 2, 4, 5, 6, 7, 9; article 2, section 70, subdivisions 2, 3, 4, 5, 6, 7, 11, 12, 15, 19, 21, 24, 26; article 4, sections 4; 9, subdivision 2; article 5, section 30, subdivisions 2, 3, 5; article 6, section 13, subdivisions 2, 3, 6, 7; article 7, section 7, subdivisions 2, 3, 4; article 9, section 8, subdivisions 5, 6, 7, 9; article 10, section 3, subdivisions 2, 6, 7; article 11, section 3, subdivisions 2, 3; article 12, section 4, subdivision 2; Laws 2015, First Special Session chapter 4, article 1, sections 2, subdivisions 2, 4; 5; article 3, section 3, subdivisions 2, 5; article 4, section 131; proposing coding for new law in Minnesota Statutes, chapters 17; 41A; 62D; 84D; 86B; 116J; 116L; 119A; 120B; 121A; 123B; 124D; 136A; 136F; 144; 145; 216B; 240A; 254B; 260C; 260D; 290; 325E; 462A; 518A; 609; proposing coding for new law as Minnesota Statutes, chapters 147F; 153B; repealing Minnesota Statutes 2014, sections 116P.13; 122A.413, subdivision 3; 122A.43, subdivision 6; 123B.60, subdivision 2; 123B.79, subdivisions 2, 6; 149A.92, subdivision 11; 154.03; 154.06; 154.11, subdivision 2; 154.12; 216B.1612; 216C.39; 256B.059, subdivision 1a; 256L.04, subdivisions 2a, 8; 256L.22; 256L.24; 256L.26; 256L.28; Minnesota Statutes 2015 Supplement, section 122A.413, subdivisions 1, 2; Special Laws 1891, chapter 57, chapter XII, section 5; Laws 2015, First Special Session chapter 4, article 2, section 81."

We request the adoption of this report and repassage of the bill.

House Conferees: Jim Knoblach, Jenifer Loon, Pat Garofalo, Denny McNamara

Senate Conferees: Richard Cohen, Charles W. Wiger, Tony Lourey, Tom Saxhaug, Michelle L. Fischbach

Senator Cohen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2749 be now adopted, and that the bill be repassed as amended by the Conference Committee.

#### CALL OF THE SENATE

Senator Cohen imposed a call of the Senate for the balance of the proceedings on H.F. No. 2749. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Cohen motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2749 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 50 and nays 16, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Housley	Nelson	Sieben
Bakk	Eaton	Ingebrigtsen	Pappas	Skoe
Bonoff	Eken	Jensen	Reinert	Sparks
Carlson	Fischbach	Johnson	Rest	Stumpf
Champion	Franzen	Kent	Rosen	Tomassoni
Clausen	Gazelka	Koenen	Ruud	Torres Ray
Cohen	Goodwin	Latz	Saxhaug	Weber
Dahle	Hawj	Loureys	Scalze	Westrom
Dahms	Hayden	Marty	Schmit	Wiger
Dibble	Hoffman	Miller	Sheran	Wiklund

Those who voted in the negative were:

Anderson	Hall	Newman	Pederson
Benson	Hann	Nienow	Pratt
Brown	Kiffmeyer	Ortman	Senjem
Chamberlain	Limmer	Osmek	Thompson

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## RECESS

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

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

## APPOINTMENTS

Senator Bakk from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 2759: Senators Schmit, Hoffman and Ruud.

Senator Bakk moved that the foregoing appointments be approved. The motion prevailed.

## RECESS

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

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

## CALL OF THE SENATE

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 622.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 22, 2016

**FIRST READING OF HOUSE BILLS**

The following bill was read the first time.

**H.F. No. 622:** A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; modifying previous appropriations; establishing new programs and modifying existing programs; authorizing the sale and issuance of state bonds; appropriating money; amending Minnesota Statutes 2014, sections 13.6905, by adding a subdivision; 13.7411, by adding a subdivision; 85.34, subdivision 1; 115E.042; 116J.431, subdivisions 1, 6; 160.18, by adding a subdivision; 174.52, subdivision 2; 219.015; 299A.55; 446A.072; 446A.073, as amended; 446A.081, subdivision 9; 446A.12, subdivision 1; 462A.37, by adding a subdivision; Minnesota Statutes 2015 Supplement, sections 16A.967; 162.145, subdivision 3; 462A.37, subdivision 5; Laws 2002, chapter 393, section 22, subdivision 6, as amended; Laws 2012, chapter 293, section 7, subdivision 3; Laws 2014, chapter 294, article 1, sections 7, subdivision 15; 17, subdivisions 6, 12; Laws 2015, First Special Session chapter 5, article 1, sections 10, subdivision 3; 19; proposing coding for new law in Minnesota Statutes, chapter 219; repealing Minnesota Statutes 2014, section 123A.446.

**MOTIONS AND RESOLUTIONS - CONTINUED****SUSPENSION OF RULES**

Senator Bakk moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 622 and that the rules of the Senate be so far suspended as to give H.F. No. 622 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 622 was read the second time.

Senator Latz moved to amend H.F. No. 622, as amended by the House of Representatives May 22, 2016, as follows:

Page 66, after line 30, insert:

"Sec. 7. Minnesota Statutes 2014, section 398A.10, subdivision 1, is amended to read:

Subdivision 1. **Capital costs.** A county regional railroad authority may not contribute more than ten twenty percent of the capital costs of a light rail transit or commuter rail project. This subdivision does not apply to a light rail transit project for which a county regional railroad authority commits to providing an amount greater than ten percent of the capital costs, if the commitment (1) is made

before October 2, 2008, (2) is made as part of an application for federal funds, and (3) is adjusted by the county regional railroad authority to meet the requirements of this subdivision as part of the next scheduled federal funding application for the project."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 622 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 53 and nays 12, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Johnson	Osmek	Skoe
Bakk	Eken	Kiffmeyer	Pappas	Sparks
Benson	Fischbach	Koenen	Pederson	Stumpf
Bonoff	Franzen	Latz	Reinert	Tomassoni
Carlson	Gazelka	Loureys	Rest	Torres Ray
Champion	Goodwin	Marty	Rosen	Weber
Clausen	Hawj	Miller	Ruud	Westrom
Cohen	Hayden	Nelson	Saxhaug	Wiger
Dahle	Hoffman	Newman	Scalze	Wiklund
Dahms	Ingebrigtsen	Nienow	Senjem	
Dziedzic	Jensen	Ortman	Sheran	

Those who voted in the negative were:

Anderson	Dibble	Housley	Pratt
Brown	Hall	Kent	Sieben
Chamberlain	Hann	Limmer	Thompson

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

## **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading House Bills.

## **MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 3980

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 22, 2016

## **FIRST READING OF HOUSE BILLS**

The following bill was read the first time.

**H.F. No. 3980:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2014, sections 124D.90, subdivision 4; 290C.13, subdivision 3; H.F. No. 848, article 4, section 9, if enacted; H.F. 1372, article 1, if enacted; H.F. No. 2749, article 13, section 9, subdivisions 2, if enacted; 3, if enacted; Laws 2015, First Special Session chapter 3, article 3, section 15, subdivision 3; Laws 2016, chapter 143, section 2, if enacted; repealing Laws 2016, chapter 160, section 21, if enacted.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SUSPENSION OF RULES

Senator Bakk moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 3980 and that the rules of the Senate be so far suspended as to give H.F. No. 3980 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 3980 was read the second time.

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:

Abeler	Dziedzic	Ingebrigtsen	Ortman	Sheran
Anderson	Eaton	Jensen	Osmek	Sieben
Bakk	Eken	Johnson	Pappas	Skoe
Benson	Fischbach	Kent	Pederson	Sparks
Bonoff	Franzen	Kiffmeyer	Pratt	Stumpf
Brown	Gazelka	Koenen	Reinert	Tomassoni
Carlson	Goodwin	Latz	Rest	Torres Ray
Champion	Hall	Limmer	Rosen	Weber
Clausen	Hann	Loureys	Ruud	Westrom
Cohen	Hawj	Marty	Saxhaug	Wiger
Dahle	Hayden	Miller	Scalze	Wiklund
Dahms	Hoffman	Nelson	Schmit	
Dibble	Housley	Newman	Senjem	

So the bill passed and its title was agreed to.

## RECONSIDERATION

Having voted on the prevailing side, Senator Benson moved that the vote whereby H.F. No. 622 was passed by the Senate on May 22, 2016, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 50 and nays 13, as follows:

Those who voted in the affirmative were:

Abeler	Chamberlain	Dahms	Goodwin	Jensen
Anderson	Champion	Dibble	Hall	Johnson
Bakk	Clausen	Eken	Hann	Kiffmeyer
Bonoff	Cohen	Fischbach	Housley	Koenen
Carlson	Dahle	Gazelka	Ingebrigtsen	Limmer

Loureys	Nienow	Pratt	Scalze	Stumpf
Marty	Ortman	Reinert	Schmit	Tomassoni
Miller	Osmek	Rosen	Senjem	Weber
Nelson	Pappas	Ruud	Sheran	Westrom
Newman	Pederson	Saxhaug	Skoe	Wiklund

Those who voted in the negative were:

Brown	Franzen	Kent	Sieben	Wiger
Dziedzic	Hawj	Latz	Thompson	
Eaton	Hayden	Rest	Torres Ray	

The motion prevailed. So the vote was reconsidered.

### RECONSIDERATION

Having voted on the prevailing side, Senator Benson moved that the vote whereby the Latz amendment to H.F. No. 622 was adopted on May 22, 2016, be now reconsidered. The motion prevailed. So the vote was reconsidered.

### MEMBERS EXCUSED

Senator Schmit was excused from the Session of today from 1:00 to 1:15 p.m. Senator Metzen was excused from the Session of today from 1:00 to 2:15 p.m. and at 9:00 p.m. Senator Dahms was excused from the Session of today from 1:20 to 1:25 p.m. and from 2:05 to 2:10 p.m. Senator Sieben was excused from the Session of today from 1:35 to 2:05 p.m. and from 6:05 to 6:15 p.m. Senator Westrom was excused from the Session of today from 6:00 to 6:15 p.m.

### ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Monday, May 23, 2016. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate