

TWENTY-FOURTH DAY

St. Paul, Minnesota, Wednesday, March 20, 2019

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

CALL OF THE SENATE

Senator Gazelka 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. Richard Buller.

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	Eaton	Ingebrigtsen	Marty	Ruud
Anderson, B.	Eichorn	Isaacson	Mathews	Senjem
Anderson, P.	Eken	Jasinski	Miller	Sparks
Bigham	Franzen	Jensen	Nelson	Torres Ray
Chamberlain	Frentz	Johnson	Newman	Utke
Champion	Gazelka	Kent	Newton	Weber
Clausen	Goggin	Kiffmeyer	Osmek	Westrom
Cohen	Hall	Klein	Pappas	Wiger
Cwodzinski	Hawj	Koran	Pratt	Wiklund
Dahms	Hayden	Laine	Rarick	
Dibble	Hoffman	Lang	Relph	
Draheim	Housley	Limmer	Rest	
Dziedzic	Howe	Little	Rosen	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 18, 2019

The Honorable Jeremy R. Miller
President of the Senate

Dear Mr. President:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, Chapter 4, S.F. No. 2225.

Sincerely,
Tim Walz, Governor

March 18, 2019

The Honorable Melissa Hortman
Speaker of the House of Representatives

The Honorable Jeremy R. Miller
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2019 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2019	Date Filed 2019
2225		4	1:16 p.m. March 18	March 18

Sincerely,
Steve Simon
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to inform the Senate that the House of Representatives invites and is ready to meet with the Senate in Joint Convention at 6:45 p.m., on Wednesday, April 3, 2019, to receive the message of the Honorable Tim Walz, Governor of the State of Minnesota, said message to be delivered at 7:00 p.m.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted March 18, 2019

Senator Gazelka moved that the Senate accept the invitation of the House of Representatives to meet in Joint Convention in the House Chamber at 6:45 p.m., Wednesday, April 3, 2019, to receive the message of the Honorable Tim Walz, Governor of the State of Minnesota. The motion prevailed.

Mr. President:

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

S.F. No. 1743: A bill for an act relating to education; modifying the calculation of days and hours of instruction for students affected by snow days during the 2018-2019 school year; requiring affected school districts to report to the commissioner.

Senate File No. 1743 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned March 18, 2019

Senator Nelson moved that the Senate do not concur in the amendments by the House to S.F. No. 1743, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 50 and 400.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted March 18, 2019

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 50: A bill for an act relating to transportation; prohibiting use of cell phones while driving under specified circumstances; requiring a study of traffic stops; requiring a report; appropriating money; amending Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 91, now on General Orders.

H.F. No. 400: A bill for an act relating to health; establishing the Opioid Addiction Advisory Council; establishing the opioid stewardship fund; establishing an opiate product registration fee; modifying provisions related to opioid addiction prevention, education, intervention, treatment, and recovery; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 16A.151, subdivision 2; 145.9269, subdivision 1; 145C.05, subdivision 2; 151.252, subdivision 1; 151.37, subdivision 12; 151.47, by adding a subdivision; 151.71, by adding a subdivision; 152.105, subdivision 2; 152.11, subdivision 2d, by adding subdivisions; 214.12, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 145; 145C; 151.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2185, 2029, and 2453. The motion prevailed.

Senator Ruud from the Committee on Environment and Natural Resources Policy and Legacy Finance, to which was referred

S.F. No. 1906: A bill for an act relating to natural resources; establishing response program to support control of emerald ash borer; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 88.

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

Senator Ruud from the Committee on Environment and Natural Resources Policy and Legacy Finance, to which was referred

S.F. No. 2109: A bill for an act relating to environment; modifying closed landfill investment fund procedures; amending Minnesota Statutes 2018, section 115B.421.

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

Senator Ruud from the Committee on Environment and Natural Resources Policy and Legacy Finance, to which was referred

S.F. No. 1637: A bill for an act relating to natural resources; establishing pilot program for drinking water protection; appropriating money.

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

Page 2, line 27, delete "\$8,500,000" and insert "\$4,250,000" and delete "is" and insert "and \$4,250,000 in fiscal year 2021 are"

Page 2, line 29, delete everything after the first period

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

Senator Abeler from the Committee on Human Services Reform Finance and Policy, to which was re-referred

S.F. No. 2: A bill for an act relating to human services; modifying human services licensing provisions; directing the commissioner of human services to develop a plain-language handbook for family child care providers; requiring county licensors to seek clarification from Department of Human Services before issuing correction orders in certain circumstances; expanding child care

fix-it ticket violations; authorizing additional special family child care home licenses; modifying requirements for drinking water in child care centers; modifying family child care program training requirements; directing the commissioner of human services to develop an annual refresher training for family child care providers; clarifying and extending child care training timelines; exempting certain individuals from child care training requirements; modifying family child care emergency preparedness plan requirements; creating the Office of Ombudsperson for Child Care Providers; providing appointments; increasing time a child care substitute can provide care; establishing Family Child Care Working Group; directing commissioner of human services to streamline child care licensing and background study record requirements; directing the commissioner of human services to codify certain rules and propose legislation re-codifying chapter 245A; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 245A.04, subdivision 4, by adding a subdivision; 245A.06, by adding a subdivision; 245A.065; 245A.14, subdivision 4, by adding a subdivision; 245A.50, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, by adding subdivisions; 245A.51, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 245A.

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

Page 2, line 22, before "It" insert "Inspections of family child care providers shall be conducted in accordance with section 245A.055."

Page 2, line 23, delete "the spouse of" and insert "an individual who is related to" and after "provider" insert "as defined in section 245A.02, subdivision 13,"

Page 2, line 24, delete "spouse" and insert "individual"

Page 3, after line 12, insert:

"Sec. 3. **[245A.055] FAMILY CHILD CARE PROVIDER INSPECTIONS.**

Subdivision 1. **Inspections.** The commissioner shall conduct inspections of each family child care provider pursuant to section 245A.04, subdivision 4, paragraph (d).

Subd. 2. **Types of child care licensing inspections.** (a) "Initial inspection" means an inspection before issuing an initial license under section 245A.04, subdivision 4, paragraph (a).

(b) "Full inspection" means the inspection of a family child care provider to determine ongoing compliance with all applicable legal requirements for family child care providers. A full inspection shall be conducted for temporary provisional licensees and for providers who do not meet the requirements needed for an abbreviated inspection.

(c) "Abbreviated inspection" means the inspection of a family child care provider to determine ongoing compliance with key indicators that statistically predict compliance with all applicable legal requirements for family child care providers. Abbreviated inspections are available for family child care providers who have been licensed for at least three years with the latest inspection finding no Level 4 violations. Providers must also not have had any substantiated licensing complaints that amount to a Level 4 violation, substantiated complaints of maltreatment, or sanctions under section 245A.07 in the past three years. If a county licenser finds that the provider has failed to comply with any key indicator during an abbreviated inspection, the county licenser shall immediately conduct a full inspection.

(d) "Follow-up inspection" means a full inspection conducted following an inspection that found more than one Level 4 violation.

Subd. 3. **Enforcement actions.** (a) Except where required by federal law, enforcement actions under this subdivision may be taken based on the risk level of the violation as follows:

(1) Level 1: a violation that presents no risk of harm or minimal risk of harm, warranting verbal technical assistance under section 245A.066, subdivision 1;

(2) Level 2: a violation that presents a low risk of harm, warranting issuance of a technical assistance notice under section 245A.065, subdivision 2;

(3) Level 3: a violation that presents a moderate risk of harm, warranting issuance of a fix-it ticket under section 245A.065; and

(4) Level 4: a violation that presents a substantial risk of harm, warranting issuance of a correction order or conditional license under section 245A.06.

(b) The commissioner shall, following consultation with family child care license holders, parents, and county agencies, issue a report by January 1, 2020, that identifies the violations of this chapter and Minnesota Rules, chapter 9502, that constitute Level 1, Level 2, Level 3, or Level 4 violations based on the schedule in paragraph (a). The commissioner shall also identify the rules and statutes that may be violated at more than one risk level, such that the county licenser may assign the violation a risk level according to the licenser's discretion during an inspection. The report shall also identify all rules and statutory provisions that must be enforced in accordance with federal law. The commissioner shall provide the report to county agencies and the chairs and ranking minority members of the legislative committees with jurisdiction over child care, and shall post the report to the department's website. By July 1, 2020, the commissioner shall develop, distribute, and provide training on guidelines on the use of the risk-based violation levels in paragraph (a) during family child care provider inspections.

Subd. 4. **Follow-up inspections.** If, upon inspection, the commissioner finds more than one Level 4 violation, the commissioner shall conduct a follow-up inspection within six months. The date of the follow-up inspection does not alter the provider's annual inspection date.

EFFECTIVE DATE. This section is effective July 1, 2020, with the exception that subdivision 3, paragraph (b), is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2018, section 245A.06, subdivision 1, is amended to read:

Subdivision 1. **Contents of correction orders and conditional licenses.** (a) Except as provided in paragraph (c), if the commissioner finds that the applicant or license holder has failed to comply with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a correction order and an order of conditional license to the applicant or license holder. When issuing a conditional license, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program. The correction order or conditional license must state the following in plain language:

- (1) the conditions that constitute a violation of the law or rule;
- (2) the specific law or rule violated;
- (3) the time allowed to correct each violation; and
- (4) if a license is made conditional, the length and terms of the conditional license, and the reasons for making the license conditional.

(b) Nothing in this section prohibits the commissioner from proposing a sanction as specified in section 245A.07, prior to issuing a correction order or conditional license.

(c) For family child care license holders, the commissioner may issue a correction order or conditional license as provided in this section if, upon inspection, the commissioner finds a Level 4 violation as provided in section 245A.055, subdivision 3, or if a child care provider fails to correct a Level 3 violation as required under section 245A.065, paragraph (e).

EFFECTIVE DATE. This section is effective July 1, 2020."

Page 3, delete section 4 and insert:

"Sec. 6. Minnesota Statutes 2018, section 245A.065, is amended to read:

245A.065 CHILD CARE FIX-IT TICKET.

(a) ~~In lieu of a correction order under section 245A.06,~~ The commissioner ~~shall~~ may issue a fix-it ticket to a ~~family child care or~~ child care center license holder if, upon inspection, the commissioner finds that:

- (1) the license holder has failed to comply with a requirement in this chapter or Minnesota Rules, chapter 9502 or 9503, that the commissioner determines to be eligible for a fix-it ticket;
- (2) the violation does not imminently endanger the health, safety, or rights of the persons served by the program;
- (3) the license holder did not receive a fix-it ticket or correction order for the violation at the license holder's last licensing inspection;
- (4) the violation can be corrected at the time of inspection or within 48 hours, excluding Saturdays, Sundays, and holidays; and
- (5) the license holder corrects the violation at the time of inspection or agrees to correct the violation within 48 hours, excluding Saturdays, Sundays, and holidays.

(b) The commissioner may issue a fix-it ticket to a family child care license holder if, upon inspection, the commissioner finds a Level 3 violation as provided in section 245A.055, subdivision 3.

(c) The fix-it ticket must state:

- (1) the conditions that constitute a violation of the law or rule;

(2) the specific law or rule violated; and

(3) that the violation was corrected at the time of inspection or must be corrected within 48 hours, excluding Saturdays, Sundays, and holidays.

~~(e)~~ (d) The commissioner shall not publicly publish a fix-it ticket on the department's website, unless required by federal law.

~~(d)~~ (e) Within 48 hours, excluding Saturdays, Sundays, and holidays, of receiving a fix-it ticket, the license holder must correct the violation and within one week submit evidence to the licensing agency that the violation was corrected.

~~(e)~~ (f) If the violation is not corrected at the time of inspection or within 48 hours, excluding Saturdays, Sundays, and holidays, or the evidence submitted is insufficient to establish that the license holder corrected the violation, the commissioner ~~must~~ may issue a correction order for the violation of Minnesota law or rule identified in the fix-it ticket according to section 245A.06.

~~(f)~~ The commissioner shall, following consultation with family child care license holders, child care center license holders, and county agencies, issue a report by October 1, 2017, that identifies the violations of this chapter and Minnesota Rules, chapters 9502 and 9503, that are eligible for a fix-it ticket. The commissioner shall provide the report to county agencies and the chairs and ranking minority members of the legislative committees with jurisdiction over child care, and shall post the report to the department's website.

EFFECTIVE DATE. This section is effective July 1, 2020.

Sec. 7. [245A.066] CHILD CARE TECHNICAL ASSISTANCE.

Subdivision 1. Verbal technical assistance. The commissioner may provide verbal technical assistance to a family child care or child care center license holder if, upon inspection, the commissioner finds a Level 1 violation as provided in section 245A.055, subdivision 3.

Subd. 2. Technical assistance notice. (a) The commissioner may issue a written technical assistance notice to a family child care license holder if, upon inspection, the commissioner finds a Level 2 violation as provided in section 245A.055, subdivision 3.

(b) The technical assistance notice must state:

(1) the conditions that constitute a violation of the law or rule;

(2) the specific law or rule violated; and

(3) examples of how to correct the violation.

(c) The commissioner shall not publicly publish a written technical assistance notice on the department's website, unless required by federal law.

EFFECTIVE DATE. This section is effective July 1, 2020."

Page 6, after line 31, insert:

"Sec. 10. Minnesota Statutes 2018, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04 and background studies for family child care under chapter 245C; to recommend denial of applicants under section 245A.05; to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06; or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that, before the implementation of NETStudy 2.0, county agencies may issue variances under section 245C.30 regarding disqualified individuals when the county is responsible for conducting a consolidated reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment;

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours; and

(7) variances to requirements relating to chemical use problems of a license holder or a household member of a license holder.

Except as provided in section 245A.14, subdivision 4, paragraph (e), a county agency must not grant a license holder a variance to exceed the maximum allowable family child care license capacity of 14 children.

(b) Before the implementation of NETStudy 2.0, county agencies must report information about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision 2, paragraphs (a) and (b), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner.

(c) For family child care programs, the commissioner shall require a county agency to conduct one unannounced licensing ~~review~~ inspection at least annually.

(d) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(e) A license issued under this section may be issued for up to two years.

(f) During implementation of chapter 245D, the commissioner shall consider:

(1) the role of counties in quality assurance;

(2) the duties of county licensing staff; and

(3) the possible use of joint powers agreements, according to section 471.59, with counties through which some licensing duties under chapter 245D may be delegated by the commissioner to the counties.

Any consideration related to this paragraph must meet all of the requirements of the corrective action plan ordered by the federal Centers for Medicare and Medicaid Services.

(g) Licensing authority specific to section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, for family child foster care programs providing out-of-home respite, as identified in section 245D.03, subdivision 1, paragraph (b), clause (1), is excluded from the delegation of authority to county and private agencies.

(h) A county agency shall report to the commissioner, in a manner prescribed by the commissioner, the following information for a licensed family child care program:

(1) the results of each licensing ~~review~~ inspection completed, including the date of the ~~review~~ inspection, and any ~~licensing~~ correction order issued; and

(2) any death, serious injury, or determination of substantiated maltreatment.

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

Page 16, after line 2, insert:

"Sec. 24. **DIRECTION TO COMMISSIONER; ABBREVIATED INSPECTION MODEL.**

(a) By January 1, 2020, the commissioner of human services shall, following consultation with family child care license holders, parents, and county agencies, develop the key indicators for use in the abbreviated inspection process under Minnesota Statutes, section 245A.055, subdivision 2, paragraph (c), and report the results to the chairs and ranking minority members of the legislative committees with jurisdiction over child care. In developing the key indicators that predict full compliance with the statutes and rules governing licensed child care providers, the commissioner shall utilize an empirically based statistical methodology similar to the licensing key indicator systems as developed by the National Association for Regulatory Administration and the Research Institute for Key Indicators.

(b) By July 1, 2020, the commissioner of human services shall develop, distribute, and provide training to implement abbreviated inspections as described in Minnesota Statutes, section 245A.055, subdivision 2, paragraph (c).

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

Page 16, after line 12, insert:

"Sec. 26. **DIRECTION TO COMMISSIONER; CORRECTION ORDER ENFORCEMENT REVIEW.**

By January 1, 2020, the commissioner of human services shall develop and implement a process to review licensing inspection results provided under Minnesota Statutes, section 245A.16, subdivision 1, paragraph (h), clause (1), by county to identify trends in correction order enforcement. The commissioner shall develop guidance and training as needed to address any imbalance or inaccuracy in correction order enforcement. The commissioner shall include the results in the annual report on child care under Minnesota Statutes, section 245A.153, provided that the results are limited to summary data as defined in Minnesota Statutes, section 13.02, subdivision 19.

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

Page 20, line 19, delete "and" and insert "or"

Page 20, after line 26, insert:

"Sec. 35. **APPROPRIATION.**

\$...... in fiscal year 2020 is appropriated from the general fund to the commissioner of human services to develop, distribute, and provide training on child care provider inspections based on the risk-based violation levels under Minnesota Statutes, section 245A.055, subdivision 3, including use of an abbreviated inspection that is based on key indicators that predict full compliance with the statutes and rules governing licensed child care providers under Minnesota Statutes, section 245A.055, subdivision 2, for qualifying child care providers. This is a onetime appropriation."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "expanding child care fix-it ticket violations" and insert "reforming child care provider licensing inspections; establishing an abbreviated inspection process for qualifying child care providers; establishing risk-based violation levels and corresponding enforcement actions; directing the commissioner of human services to assign rules and statutory provisions to violation risk levels; directing the commissioner of human services to develop key indicators that predict full compliance for use in abbreviated inspections"

Amend the title numbers accordingly

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

Senator Pratt from the Committee on Jobs and Economic Growth Finance and Policy, to which was referred

S.F. No. 947: A bill for an act relating to contracts; modifying retainage requirements for building and construction contracts; amending Minnesota Statutes 2018, section 337.10, subdivisions 4, 5.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2018, section 15.72, subdivision 2, is amended to read:

Subd. 2. **Retainage.** (a) A public contracting agency may reserve as retainage from any progress payment on a public contract for a public improvement an amount not to exceed five percent of the payment. A public agency may reduce the amount of the retainage and may eliminate retainage on any monthly contract payment if, in the agency's opinion, the work is progressing satisfactorily.

(b) For all construction contracts greater than \$5,000,000, the public contracting agency must reduce retainage to no more than 2.5 percent if the public contracting agency determines the work is 75 percent or more complete, that work is progressing satisfactorily, and all contract requirements are being met. The public contracting agency must release any remaining retainage no later than 60 days after substantial completion.

(c) A contractor on a public contract for a public improvement must pay out any remaining retainage to its subcontractors no later than ten days after receiving payment of retainage from the public contracting agency, unless there is a dispute about the work under a subcontract. If there is a dispute about the work under a subcontract, the contractor must pay out retainage to any subcontractor whose work is not involved in the dispute, and must provide a written statement detailing the amount and reason for the withholding to the affected subcontractor and the public agency.

(d) A contractor may not reserve as retainage from a subcontractor an amount that exceeds the amount reserved by the public contracting agency under this subdivision. Upon written request of a subcontractor who has not been paid for work in accordance with section 16A.1245 or 471.425, subdivision 4a, the public contracting agency shall notify the subcontractor of a progress payment, retainage payment, or final payment made to the contractor. A contractor must include in any contract with a subcontractor the name, address, and telephone number of a responsible official at the public contracting agency that may be contacted for purposes of making a request under this paragraph.

(e) After substantial completion, a public contracting agency may withhold no more than:

(1) 250 percent of the value of incomplete or defective work; and

(2) one percent of the value of the contract or \$500, whichever is greater, pending completion and submission of all final paperwork by the contractor, provided that an amount withheld under this clause may not exceed \$10,000.

If the public contracting agency withholds payment under this paragraph, the public contracting agency must promptly provide a written statement detailing the amount and basis of withholding to the contractor. The public contracting agency must provide a copy of this statement to any subcontractor that requests it. Any amounts withheld for incomplete or defective work shall be paid within 45 days after the completion of the work. Any amounts withheld under clause (1) must be paid within 45 days after completion of the work. Any amounts withheld under clause (2) must be paid within 45 days after submission of all final paperwork.

(f) As used in this subdivision, "substantial completion" shall be determined as provided in section 541.051, subdivision 1, paragraph (a). For construction, reconstruction, or improvement of streets and highways, including bridges, substantial completion means the date when construction-related traffic devices and ongoing inspections are no longer required.

(g) The maximum retainage percentage allowed for a building and construction contract is the retainage percentage withheld by the public contracting agency from the contractor.

(h) Withholding retainage for warranties or warranty work is prohibited.

EFFECTIVE DATE. This section applies to agreements entered into on or after August 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 337.10, subdivision 4, is amended to read:

Subd. 4. **Progress payments and retainages.** (a) Unless the building and construction contract provides otherwise, the owner or other persons making payments under the contract must make progress payments monthly as the work progresses. Payments shall be based upon estimates of work completed as approved by the owner or the owner's agent. A progress payment shall not be considered acceptance or approval of any work or waiver of any defects therein.

(b) Retainage on a building and construction contract may not exceed five percent. An owner or owner's agent may reduce the amount of retainage and may eliminate retainage on any monthly contract payment if, in the owner's opinion, the work is progressing satisfactorily. Nothing in this subdivision is intended to require that retainage be withheld in any building or construction contract. For all construction contracts greater than \$5,000,000, the owner or the owner's agent must reduce retainage to no more than 2.5 percent if the owner or the owner's agent determines the work is 75 percent or more complete, that work is progressing satisfactorily, and all contract requirements are being met. The owner or the owner's agent must release any remaining retainage no later than 60 days after substantial completion. For purposes of this subdivision, "substantial completion" shall be determined as provided in section 541.051, subdivision 1, paragraph (a).

(c) Any contractor holding retainage must reduce that retainage at the same rate reduced by the owner or the owner's agent. A contractor must pay out any remaining retainage no later than ten days after receiving payment of retainage, unless there is a dispute about the work under a subcontract, in which case the contractor must pay out retainage to any party whose work is not involved in the dispute. Nothing in this subdivision is intended to require that retainage be withheld in any building or construction contract.

(d) After substantial completion, an owner or owner's agent may withhold no more than:

(1) 250 percent of the value of incomplete or defective work; and

(2) one percent of the value of the contract or \$500, whichever is greater, pending completion and submission of all final paperwork by the contractor, provided that an amount withheld under this clause may not exceed \$10,000.

If the owner or the owner's agent withholds payment under this paragraph, the owner or the owner's agent must promptly provide a written statement detailing the amount and basis of withholding to the contractor. The owner or the owner's agent and the contractor must provide a copy of this statement to any subcontractor that requests it. Any amounts withheld for incomplete or defective work shall be paid within 45 days after the completion of the work. Any amounts withheld under clause (1) must be paid within 45 days after completion of the work. Any amounts withheld under clause (2) must be paid within 45 days after submission of all final paperwork.

(e) The maximum retainage percentage allowed for a building and construction contract is the retainage percentage withheld by the owner from the contractor.

(f) Withholding retainage for warranties or warranty work is prohibited.

(g) Retainage must not be used as collateral for the owner, owner's agent, or contractor.

(h) This subdivision does not apply to a public agency as defined in section 15.71, subdivision 3.

(i) This subdivision does not apply to contracts for professional services as defined in sections 326.02 to 326.15.

EFFECTIVE DATE. This section applies to agreements entered into on or after August 1, 2019."

Amend the title accordingly

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

Senator Hall from the Committee on Local Government, to which was re-referred

S.F. No. 2185: A bill for an act relating to data practices; classifying certain grant application data submitted to the Board of the Arts or to a regional arts council; proposing coding for new law in Minnesota Statutes, chapters 13; 129D.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary and Public Safety Finance and Policy.

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

Senator Hall from the Committee on Local Government, to which was re-referred

S.F. No. 2029: A bill for an act relating to state government; clarifying the application of certain laws governing audits of counties by the state auditor; amending Minnesota Statutes 2018, section 6.481, subdivision 1.

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

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

Senator Hall from the Committee on Local Government, to which was referred

S.F. No. 990: A bill for an act relating to local government; permitting appointment to the Central Iron Range Sanitary Sewer Board of members of the governing bodies of participating municipalities; amending Laws 2009, chapter 122, section 3, subdivisions 1, 2.

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

Page 1, line 9, strike "towns" and insert "town of"

Page 1, line 10, strike "of Balkan and"

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

Senator Dahms from the Committee on Commerce and Consumer Protection Finance and Policy, to which was referred

S.F. No. 2313: A bill for an act relating to insurance; making changes to conform with certain model regulations; amending Minnesota Statutes 2018, section 60A.1291, subdivisions 1, 15, 18, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

ANNUAL FINANCIAL REPORTING AND AUDIT

Section 1. Minnesota Statutes 2018, section 60A.1291, subdivision 1, is amended to read:

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

(a) "Accountant" and "independent public accountant" mean an independent certified public accountant or accounting firm in good standing with the American Institute of Certified Public Accountants and in all states in which the accountant or firm is licensed or is required to be licensed to practice. For Canadian and British companies, the term means a Canadian-chartered or British-chartered accountant.

(b) "Affiliate" or "affiliated" means a person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with a person.

~~(b)~~ (c) "Audit committee" means a committee or equivalent body established by the board of directors of an entity for the purpose of overseeing the accounting and financial reporting processes of an insurer or group of insurers, and the internal audit function of an insurer or group of insurers, if applicable, and external audits of financial statements of the insurer or group of insurers. The audit committee of any entity that controls a group of insurers may be deemed to be the audit committee for one or more of these controlled insurers solely for the purposes of this section at the election of the controlling person under subdivision 15, paragraph (e). If an audit committee is not designated by the insurer, the insurer's entire board of directors constitutes the audit committee.

(d) "Audited financial report" means the report described in subdivision 4.

~~(e)~~ (e) "Indemnification" means an agreement of indemnity or a release from liability where the intent or effect is to shift or limit in any manner the potential liability of the person or firm for failure to adhere to applicable auditing or professional standards, whether or not resulting in part from knowing of other misrepresentations made by the insurer or its representatives.

~~(d)~~ (f) "Independent board member" has the same meaning as described in subdivision 15, paragraph (c).

~~(g)~~ (g) "Internal audit function" means a person or persons that provide independent, objective and reasonable assurance designed to add value and improve an organization's operations and accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

~~(e)~~ (h) "Internal control over financial reporting" means a process effected by an entity's board of directors, management, and other personnel designed to provide reasonable assurance regarding the reliability of the financial statements, for example, those items specified in subdivision 4, paragraphs (a), clauses (2) to (6), (b), and (c), and includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements, for example, those items specified in subdivision 4, paragraphs (a), clauses (2) to (6), (b), and (c), and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements, for example, those items specified in subdivision 4, paragraphs (a), clauses (2) to (6), (b), and (c).

~~(f)~~ (i) "SEC" means the United States Securities and Exchange Commission.

~~(g)~~ (j) "Section 404" means Section 404 of the Sarbanes-Oxley Act of 2002 and the SEC's rules and regulations promulgated under it.

~~(h)~~ (k) "Section 404 report" means management's report on "internal control over financial reporting" as defined by the SEC and the related attestation report of the independent certified public accountant as described in paragraph (a).

~~(i)~~ (l) "SOX compliant entity" means an entity that either is required to be compliant with, or voluntarily is compliant with, all of the following provisions of the Sarbanes-Oxley Act of 2002: (i) the preapproval requirements of Section 201 (section 10A(i) of the Securities Exchange Act of 1934); (ii) the audit committee independence requirements of Section 301 (section 10A(m)(3) of the Securities Exchange Act of 1934); and (iii) the internal control over financial reporting requirements of Section 404 (Item 308 of SEC Regulation S-K).

Sec. 2. Minnesota Statutes 2018, section 60A.1291, subdivision 15, is amended to read:

Subd. 15. **Requirements for audit committee.** (a) The audit committee must be directly responsible for the appointment, compensation, and oversight of the work of any accountant including resolution of disagreements between management and the accountant regarding financial reporting for the purpose of preparing or issuing the audited financial report or related work pursuant to this section. Each accountant shall report directly to the audit committee.

(b) The audit committee of an insurer or group of insurers is responsible for overseeing the insurer's internal audit function and granting the person or persons performing the function suitable authority and resources to fulfill their responsibilities if required by subdivision 15a.

~~(b)~~ (c) Each member of the audit committee must be a member of the board of directors of the insurer or a member of the board of directors of an entity elected pursuant to paragraph ~~(e)~~ (f) and subdivision 1, paragraph ~~(b)~~ (c).

~~(e)~~ (d) In order to be considered independent for purposes of this section, a member of the audit committee may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept any consulting, advisory, or other compensatory fee from the entity or be an affiliated person of the entity or any subsidiary of the entity. However, if law requires board participation by otherwise nonindependent members, that law shall prevail and such members may participate in the audit committee and be designated as independent for audit committee purposes, unless they are an officer or employee of the insurer or one of its affiliates.

~~(d)~~ (e) If a member of the audit committee ceases to be independent for reasons outside the member's reasonable control, that person, with notice by the responsible entity to the state, may remain an audit committee member of the responsible entity until the earlier of the next annual meeting of the responsible entity or one year from the occurrence of the event that caused the member to be no longer independent.

~~(e)~~ (f) To exercise the election of the controlling person to designate the audit committee for purposes of this section, the ultimate controlling person shall provide written notice to the commissioners of the affected insurers. Notification must be made timely before the issuance of the statutory audit report and include a description of the basis for the election. The election can be changed through notice to the commissioner by the insurer, which shall include a description of the basis for the change. The election remains in effect for perpetuity, until rescinded.

~~(f)~~ (g) The audit committee shall require the accountant that performs for an insurer any audit required by this section to timely report to the audit committee in accordance with the requirements of SAS No. 114, The Auditor's Communication with Those Charged with Governance, or its replacement, including:

- (1) all significant accounting policies and material permitted practices;
- (2) all material alternative treatments of financial information within statutory accounting principles that have been discussed with management officials of the insurer, ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the accountant; and
- (3) other material written communications between the accountant and the management of the insurer, such as any management letter or schedule of unadjusted differences.

~~(g)~~ (h) If an insurer is a member of an insurance holding company system, the reports required by paragraph ~~(f)~~ (g) may be provided to the audit committee on an aggregate basis for insurers in the holding company system, provided that any substantial differences among insurers in the system are identified to the audit committee.

~~(h)~~ (i) The proportion of independent audit committee members shall meet or exceed the following criteria:

(1) for companies with prior calendar year direct written and assumed premiums \$0 to \$300,000,000, no minimum requirements;

(2) for companies with prior calendar year direct written and assumed premiums over \$300,000,000 to \$500,000,000, majority of members must be independent; and

(3) for companies with prior calendar year direct written and assumed premiums over \$500,000,000, 75 percent or more must be independent.

~~(h)~~ (j) An insurer with direct written and assumed premium, excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$500,000,000 may make application to the commissioner for a waiver from the requirements of this subdivision based upon hardship. The insurer shall file, with its annual statement filing, the approval for relief from this subdivision with the states that it is licensed in or doing business in and the NAIC. If the nondomestic state accepts electronic filing with the NAIC, the insurer shall file the approval in an electronic format acceptable to the NAIC.

This subdivision does not apply to foreign or alien insurers licensed in this state or an insurer that is a SOX compliant entity or a direct or indirect wholly owned subsidiary of a SOX compliant entity.

Sec. 3. Minnesota Statutes 2018, section 60A.1291, is amended by adding a subdivision to read:

Subd. 15a. **Internal audit function requirements.** (a) An insurer is exempt from the requirements of this subdivision if:

(1) the insurer has annual direct written and unaffiliated assumed premium, including international direct and assumed premium but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$500,000,000; and

(2) if the insurer is a member of a group of insurers, the group has annual direct written and unaffiliated assumed premium including international direct and assumed premium, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$1,000,000,000.

(b) The insurer or group of insurers shall establish an internal audit function providing independent, objective, and reasonable assurance to the audit committee and insurer management regarding the insurer's governance, risk management, and internal controls. This assurance shall be provided by performing general and specific audits, reviews, and tests and by employing other techniques deemed necessary to protect assets, evaluate control effectiveness and efficiency, and evaluate compliance with policies and regulations.

(c) In order to ensure that internal auditors remain objective, the internal audit function must be organizationally independent. Specifically, the internal audit function will not defer ultimate judgment on audit matters to others, and shall appoint an individual to head the internal audit function

who will have direct and unrestricted access to the board of directors. Organizational independence does not preclude dual-reporting relationships.

(d) The head of the internal audit function shall report to the audit committee regularly, but no less than annually, on the periodic audit plan, factors that may adversely impact the internal audit function's independence or effectiveness, material findings from completed audits and the appropriateness of corrective actions implemented by management as a result of audit findings.

(e) If an insurer is a member of an insurance holding company system or included in a group of insurers, the insurer may satisfy the internal audit function requirements set forth in this section at the ultimate controlling parent level, an intermediate holding company level or the individual legal entity level.

EFFECTIVE DATE. The requirements of this subdivision are effective January 1, 2020.

Sec. 4. Minnesota Statutes 2018, section 60A.1291, subdivision 18, is amended to read:

Subd. 18. **Exemptions.** (a) Upon written application of any insurer, the commissioner may grant an exemption from compliance with the provisions of this section. In order to receive an exemption, an insurer must demonstrate to the satisfaction of the commissioner that compliance would constitute a financial or organizational hardship upon the insurer. An exemption may be granted at any time and from time to time for specified periods. Within ten days from the denial of an insurer's written request for an exemption, the insurer may request in writing a hearing on its application for an exemption. This hearing must be held in accordance with chapter 14. Upon written application of any insurer, the commissioner may permit an insurer to file annual audited financial reports on some basis other than a calendar year basis for a specified period. An exemption may not be granted until the insurer presents an alternative method satisfying the purposes of this section. Within ten days from a denial of a written request for an exemption, the insurer may request in writing a hearing on its application. The hearing must be held in accordance with chapter 14.

(b) This section applies to all insurers, unless otherwise indicated, required to file an annual audit by subdivision 2, except insurers having less than \$1,000,000 of direct written premiums in this state in any calendar year and fewer than 1,000 policyholders or certificate holders of directly written policies nationwide at the end of the calendar year, are exempt from this section for that year, unless the commissioner makes a specific finding that compliance is necessary for the commissioner to carry out statutory responsibilities, except that insurers having assumed premiums from reinsurance contracts or treaties of \$1,000,000 or more are not exempt.

(c) If an insurer or group of insurers that is exempt from the subdivision 15a requirements no longer qualifies for that exemption, it shall have one year after the year the threshold is exceeded to comply with the requirements.

ARTICLE 2

INSURANCE HOLDING COMPANY SYSTEMS

Section 1. Minnesota Statutes 2018, section 60D.15, is amended by adding a subdivision to read:

Subd. 4b. **Groupwide supervisor.** The regulatory official authorized to engage in conducting and coordinating groupwide supervision activities who is determined or acknowledged by the commissioner under section 60D.217 to have sufficient significant contacts with the internationally active insurance group.

Sec. 2. Minnesota Statutes 2018, section 60D.15, is amended by adding a subdivision to read:

Subd. 6a. **Internationally active insurance group.** An insurance holding company system that (1) includes an insurer registered under section 60D.19; and (2) meets the following criteria: (i) premiums written in at least three countries, (ii) the percentage of gross premiums written outside the United States is at least ten percent of the insurance holding company system's total gross written premiums, and (iii) based on a three-year rolling average, the total assets of the insurance holding company system are at least \$50,000,000,000 or the total gross written premiums of the insurance holding company system are at least \$10,000,000,000.

Sec. 3. **[60D.217] GROUPWIDE SUPERVISION OF INTERNATIONALLY ACTIVE INSURANCE GROUPS.**

(a) The commissioner is authorized to act as the groupwide supervisor for any internationally active insurance group in accordance with the provisions of this section. However, the commissioner may otherwise acknowledge another regulatory official as the groupwide supervisor where the internationally active insurance group:

(1) does not have substantial insurance operations in the United States;

(2) has substantial insurance operations in the United States, but not in this state; or

(3) has substantial insurance operations in the United States and this state, but the commissioner has determined pursuant to the factors set forth in subsections (b) and (f) that the other regulatory official is the appropriate groupwide supervisor.

An insurance holding company system that does not otherwise qualify as an internationally active insurance group may request that the commissioner make a determination or acknowledgment as to a groupwide supervisor pursuant to this section.

(b) In cooperation with other state, federal, and international regulatory agencies, the commissioner will identify a single groupwide supervisor for an internationally active insurance group. The commissioner may determine that the commissioner is the appropriate groupwide supervisor for an internationally active insurance group that conducts substantial insurance operations concentrated in this state. However, the commissioner may acknowledge that a regulatory official from another jurisdiction is the appropriate groupwide supervisor for the internationally active insurance group. The commissioner shall consider the following factors when making a determination or acknowledgment under this subsection:

(1) the place of domicile of the insurers within the internationally active insurance group that hold the largest share of the group's written premiums, assets, or liabilities;

(2) the place of domicile of the top-tiered insurer(s) in the insurance holding company system of the internationally active insurance group;

(3) the location of the executive offices or largest operational offices of the internationally active insurance group;

(4) whether another regulatory official is acting or is seeking to act as the groupwide supervisor under a regulatory system that the commissioner determines to be:

(i) substantially similar to the system of regulation provided under the laws of this state; or

(ii) otherwise sufficient in terms of providing for groupwide supervision, enterprise risk analysis, and cooperation with other regulatory officials; and

(5) whether another regulatory official acting or seeking to act as the groupwide supervisor provides the commissioner with reasonably reciprocal recognition and cooperation.

However, a commissioner identified under this section as the groupwide supervisor may determine that it is appropriate to acknowledge another supervisor to serve as the groupwide supervisor. The acknowledgment of the groupwide supervisor shall be made after consideration of the factors listed in clauses (1) to (5), and shall be made in cooperation with and subject to the acknowledgment of other regulatory officials involved with supervision of members of the internationally active insurance group, and in consultation with the internationally active insurance group.

(c) Notwithstanding any other provision of law, when another regulatory official is acting as the groupwide supervisor of an internationally active insurance group, the commissioner shall acknowledge that regulatory official as the groupwide supervisor. However, in the event of a material change in the internationally active insurance group that results in:

(1) the internationally active insurance group's insurers domiciled in this state holding the largest share of the group's premiums, assets, or liabilities; or

(2) this state being the place of domicile of the top-tiered insurer(s) in the insurance holding company system of the internationally active insurance group,

the commissioner shall make a determination or acknowledgment as to the appropriate groupwide supervisor for such an internationally active insurance group pursuant to subsection (b).

(d) Pursuant to section 60D.21, the commissioner is authorized to collect from any insurer registered pursuant to section 60D.19 all information necessary to determine whether the commissioner may act as the groupwide supervisor of an internationally active insurance group or if the commissioner may acknowledge another regulatory official to act as the groupwide supervisor. Prior to issuing a determination that an internationally active insurance group is subject to groupwide supervision by the commissioner, the commissioner shall notify the insurer registered pursuant to section 60D.19 and the ultimate controlling person within the internationally active insurance group. The internationally active insurance group shall have not less than 30 days to provide the commissioner with additional information pertinent to the pending determination. The commissioner shall publish in the State Register and on the department's website the identity of internationally active insurance groups that the commissioner has determined are subject to groupwide supervision by the commissioner.

(e) If the commissioner is the groupwide supervisor for an internationally active insurance group, the commissioner is authorized to engage in any of the following groupwide supervision activities:

(1) assess the enterprise risks within the internationally active insurance group to ensure that:

(i) the material financial condition and liquidity risks to the members of the internationally active insurance group that are engaged in the business of insurance are identified by management; and

(ii) reasonable and effective mitigation measures are in place; or

(2) request, from any member of an internationally active insurance group subject to the commissioner's supervision, information necessary and appropriate to assess enterprise risk, including but not limited to information about the members of the internationally active insurance group regarding:

(i) governance, risk assessment, and management;

(ii) capital adequacy; and

(iii) material intercompany transactions;

(3) coordinate and, through the authority of the regulatory officials of the jurisdictions where members of the internationally active insurance group are domiciled, compel development and implementation of reasonable measures designed to ensure that the internationally active insurance group is able to timely recognize and mitigate enterprise risks to members of such internationally active insurance group that are engaged in the business of insurance;

(4) communicate with other state, federal and international regulatory agencies for members within the internationally active insurance group and share relevant information subject to the confidentiality provisions of section 60D.22, through supervisory colleges as set forth in section 60D.215 or otherwise;

(5) enter into agreements with or obtain documentation from any insurer registered under section 60D.19, any member of the internationally active insurance group, and any other state, federal, and international regulatory agencies for members of the internationally active insurance group, providing the basis for or otherwise clarifying the commissioner's role as groupwide supervisor, including provisions for resolving disputes with other regulatory officials. Such agreements or documentation shall not serve as evidence in any proceeding that any insurer or person within an insurance holding company system not domiciled or incorporated in this state is doing business in this state or is otherwise subject to jurisdiction in this state; and

(6) other groupwide supervision activities, consistent with the authorities and purposes enumerated above, as considered necessary by the commissioner.

(f) If the commissioner acknowledges that another regulatory official from a jurisdiction that is not accredited by the NAIC is the groupwide supervisor, the commissioner is authorized to reasonably cooperate, through supervisory colleges or otherwise, with groupwide supervision undertaken by the groupwide supervisor, provided that:

(1) the commissioner's cooperation is in compliance with the laws of this state; and

(2) the regulatory official acknowledged as the groupwide supervisor also recognizes and cooperates with the commissioner's activities as a groupwide supervisor for other internationally active insurance groups where applicable. Where such recognition and cooperation is not reasonably reciprocal, the commissioner is authorized to refuse recognition and cooperation.

(g) The commissioner is authorized to enter into agreements with or obtain documentation from any insurer registered under section 60D.19, any affiliate of the insurer, and other state, federal, and international regulatory agencies for members of the internationally active insurance group, that provide the basis for or otherwise clarify a regulatory official's role as groupwide supervisor.

(h) A registered insurer subject to this section shall be liable for and shall pay the reasonable expenses of the commissioner's participation in the administration of this section, including the engagement of attorneys, actuaries, and any other professionals and all reasonable travel expenses.

ARTICLE 3

RISK-BASED CAPITAL TREND TEST FOR HEALTH ORGANIZATIONS

Section 1. Minnesota Statutes 2018, section 60A.51, is amended by adding a subdivision to read:

Subd. 2a. **Excess of capital.** An excess of capital (net worth) over the amount produced by the risk-based capital requirements contained in sections 60A.50 to 60A.592 and the formulas, schedules, and instructions referenced in sections 60A.50 to 60A.592 is desirable in the business of health insurance. Health organizations should seek to maintain capital above the RBC levels required by sections 60A.50 to 60A.592. Additional capital is useful in the insurance business and helps to secure a health organization against various risk inherent in or affecting the business of insurance and not accounted for or only partially measured by the risk-based capital requirements contained in sections 60A.50 to 60A.592.

Sec. 2. Minnesota Statutes 2018, section 60A.52, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "Company action level event" means the following events:

(1) the filing of an RBC report by a health organization that indicates that the health organization's total adjusted capital is greater than or equal to its regulatory action level RBC but less than its company action level RBC. If a health organization has total adjusted capital greater than or equal to its company action level RBC but less than the product of its authorized control level RBC multiplied by three, and triggers the trend test determined in accordance with the trend test calculation included in the health RBC instructions;

(2) notification by the commissioner to the health organization of an adjusted RBC report that indicates an event in clause (1), provided the health organization does not challenge the adjusted RBC report under section 60A.56; or

(3) if, pursuant to section 60A.56, a health organization challenges an adjusted RBC report that indicates the event in clause (1), the notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

ARTICLE 4

CORPORATE GOVERNANCE ANNUAL DISCLOSURE

Section 1. [60A.1391] CORPORATE GOVERNANCE ANNUAL DISCLOSURE.

Subdivision 1. **Scope.** (a) Nothing in this section shall be construed to prescribe or impose corporate governance standards and internal procedure beyond that which is required under applicable state corporate law. Nothing in this section shall be construed to limit the commissioner's authority, or the rights or obligations of third parties.

(b) The requirements of this section apply to all insurers domiciled in this state.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of commerce.

(c) "Corporate Governance Annual Disclosure (CGAD)" means a confidential report filed by the insurer or insurance group according to this section.

(d) "Insurance group" means those insurers and affiliates included within an insurance holding company system as defined in section 60D.15, subdivision 5.

(e) "Insurer" has the meaning given in section 60A.705, subdivision 4, except that it does not include agencies, authorities, or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

(f) "ORSA summary report" means the report filed under section 60D.54.

(g) "Senior management" means any corporate officer responsible for reporting information to the board of directors at regular intervals or providing this information to shareholders or regulators and shall include, for example and without limitation, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operations Officer (COO), Chief Procurement Officer (CPO), Chief Legal Officer (CLO), Chief Information Officer (CIO), Chief Technology Officer (CTO), Chief Revenue Officer (CRO), Chief Visionary Officer (CVO), or any other "C" level executive.

Subd. 3. **Disclosure and filing requirements.** (a) An insurer, or the insurance group of which the insurer is a member, shall, no later than June 1 of each calendar year, submit to the commissioner a Corporate Governance Annual Disclosure (CGAD) that contains the information described in subdivision 4. Notwithstanding any request from the commissioner made pursuant to paragraph (c), if the insurer is a member of an insurance group, the insurer shall submit the report required by this section to the commissioner of the lead state for the insurance group, in accordance with the laws

of the lead state, as determined by the procedures outlined in the most recent Financial Analysis Handbook adopted by the NAIC.

(b) The CGAD must include a signature of the insurer or insurance group's chief executive officer or corporate secretary attesting to the best of that individual's belief and knowledge that the insurer has implemented the corporate governance practices and that a copy of the disclosure has been provided to the insurer's or the insurance group's board of directors or the appropriate committee thereof.

(c) An insurer not required to submit a CGAD under this section shall do so upon the commissioner's request.

(d) For purposes of completing the CGAD, the insurer or insurance group may provide information regarding corporate governance at the ultimate controlling parent level, an intermediate holding company level, or the individual legal entity level, depending upon how the insurer or insurance group has structured its system of corporate governance. The insurer or insurance group is encouraged to make the CGAD disclosures at the level at which the insurer's or insurance group's risk appetite is determined, or at which the earnings, capital, liquidity, operations, and reputation of the insurer are overseen collectively and at which the supervision of those factors are coordinated and exercised, or the level at which legal liability for failure of general corporate governance duties would be placed. If the insurer or insurance group determines the level of reporting based on these criteria, it shall indicate which of the three criteria was used to determine the level of reporting and explain any subsequent changes in level of reporting.

(e) The review of the CGAD and any additional requests for information shall be made through the lead state as determined by the procedures within the most recent Financial Analysis Handbook referenced in paragraph (a). If the CGAD is completed at the insurance group level, then it must be filed with the lead state of the group as determined by the procedures outlined in the most recent Financial Analysis Handbook adopted by the NAIC. In these instances, a copy of the CGAD must also be provided to the chief regulatory official of any state in which the insurance group has a domestic insurer, upon request.

(f) Insurers providing information substantially similar to the information required under this section in other documents provided to the commissioner, including proxy statements filed in conjunction with Form B requirements, or other state or federal filings provided to this department shall not be required to duplicate that information in the CGAD, but shall be required to clearly cross-reference the location of the relevant information within the CGAD and attach the referenced document in which the information is included if not already filed with or available to the regulator.

(g) Each year following the initial filing of the CGAD, the insurer or insurance group shall file an amended version of the previously filed CGAD indicating where changes have been made. If no changes were made in the information or activities reported by the insurer or insurance group, the filing should so state.

Subd. 4. Contents of Corporate Governance Annual Disclosure. (a) The insurer or insurance group shall have discretion regarding the appropriate format for providing the information required by this section, provided the CGAD shall contain the material information necessary to permit the commissioner to gain an understanding of the insurer's or group's corporate governance structure,

policies, and practices. The commissioner may request additional information deemed material and necessary to provide the commissioner with a clear understanding of the corporate governance policies, the reporting or information system, or controls implementing those policies. Documentation and supporting information shall be maintained and made available upon examination or upon request of the commissioner.

(b) The insurer or insurance group shall be as descriptive as possible in completing the CGAD, with inclusion of attachments or example documents that are used in the governance process, as these may provide a means to demonstrate the strengths of their governance framework and practices.

(c) The CGAD shall describe the insurer's or insurance group's corporate governance framework and structure including consideration of the following:

(1) the board and various committees thereof ultimately responsible for overseeing the insurer or insurance group and the level(s) at which that oversight occurs (e.g., ultimate control level, intermediate holding company, legal entity, etc.). The insurer or insurance group shall describe and discuss the rationale for the current board size and structure; and

(2) the duties of the board and each of its significant committees and how they are governed (e.g., bylaws, charters, informal mandates, etc.), as well as how the board's leadership is structured, including a discussion of the roles of Chief Executive Officer and Chairman of the Board within the organization.

(d) The insurer or insurance group shall describe the policies and practices of the most senior governing entity and significant committees thereof, including a discussion of the following factors:

(1) how the qualifications, expertise, and experience of each board member meet the needs of the insurer or insurance group;

(2) how an appropriate amount of independence is maintained on the board and its significant committees;

(3) the number of meetings held by the board and its significant committees over the past year as well as the information on director attendance;

(4) how the insurer or insurance group identifies, nominates, and elects members to the board and its committees. The discussion should include, for example:

(i) whether the nomination committee is in place to identify and select individuals for consideration;

(ii) whether term limits are placed on directors;

(iii) how the election and reelection processes function; and

(iv) whether a board diversity policy is in place and if so, how it functions; and

(5) the processes in place for the board to evaluate its performance and the performance of its committees, as well as any recent measures taken to improve performance, including any board or committee training programs that have been put in place.

(e) The insurer or insurance group shall describe the policies and practices for directing senior management, including a description of the following factors:

(1) any processes or practices (i.e., sustainability standards) to determine whether officers and key persons in control functions have the appropriate background, experience, and integrity to fulfill their prospective roles, including:

(i) identification of the specific positions for which suitability standards have been developed and a description of the standards employed; and

(ii) any changes in an officer's or key person's suitability as outlined by the insurer's or insurance group's standards and procedures to monitor and evaluate such changes;

(2) the insurer's or insurance group's code of business conduct and ethics, the discussion of which considers, for example:

(i) compliance with laws, rules, and regulations; and

(ii) proactive reporting of any illegal or unethical behavior;

(3) the insurer's or insurance group's processes for performance evaluation, compensation, and corrective action to ensure effective senior management throughout the organization, including a description of the general objectives of significant compensation programs and what the programs are designed to reward. The description shall include sufficient detail to allow the commissioner to understand how the organization ensures that compensation programs do not encourage or reward excessive risk taking. Elements to be discussed may include, for example:

(i) the board's role in overseeing management compensation programs and practices;

(ii) the various elements of compensation awarded in the insurer's or insurance group's compensation programs and how the insurer or insurance group determines and calculates the amount of each element of compensation paid;

(iii) how compensation programs are related to both company and individual performance over time;

(iv) whether compensation programs include risk adjustments and how those adjustments are incorporated into the programs for employees at different levels;

(v) any clawback provisions built into the programs to recover awards or payments if the performance measures upon which they are based are restated or otherwise adjusted; and

(vi) any other factors relevant in understanding how the insurer or insurance group monitors its compensation policies to determine whether its risk management objectives are met by incentivizing its employees; and

(4) the insurer's or insurance group's plans for CEO and senior management succession.

(f) The insurer or insurance group shall describe the processes by which the board, its committees, and senior management ensure an appropriate amount of oversight to the critical risk areas impacting the insurer's business activities, including a discussion of:

(1) how oversight and management responsibilities are delegated between the board, its committees, and senior management;

(2) how the board is kept informed of the insurer's strategic plans, the associated risks, and steps that senior management is taking to monitor and manage those risks; and

(3) how reporting responsibilities are organized for each critical risk area. The description should allow the commissioner to understand the frequency at which information on each critical risk area is reported to and reviewed by senior management and the board. This description may include, for example, the following critical risk areas of the insurer:

(i) risk management processes (an ORSA Summary Report filer may refer to its ORSA Summary Report pursuant to the Risk Management and Own Risk and Solvency Assessment Model Act);

(ii) actuarial function;

(iii) investment decision-making processes;

(iv) reinsurance decision-making processes;

(v) business strategy and finance decision-making processes;

(vi) compliance function;

(vii) financial reporting and internal auditing; and

(viii) market conduct decision-making processes.

Subd. 5. **Confidentiality.** (a) Documents, materials, or other information, including the CGAD, in the possession or control of the department that are obtained by, created by, or disclosed to the commissioner or any other person under this section are recognized by this state as being confidential, protected nonpublic, and containing trade secrets. Those documents, materials, or other information are classified as confidential, protected nonpublic, or both, are not subject to subpoena, and are not subject to discovery or admissible in evidence in any private civil action. However, the commissioner may use the documents, materials, or other information in the furtherance of a regulatory or legal action brought as a part of the commissioner's official duties. The commissioner shall not otherwise make the documents, materials, or other information public without the prior written consent of the insurer. Nothing in this section shall be construed to require written consent of the insurer before the commissioner may share or receive confidential documents, materials, or other CGAD-related information pursuant to paragraph (c) below to assist in the performance of the commissioner's regular duties.

(b) Neither the commissioner nor any person who received documents, materials, or other CGAD-related information, through examination or otherwise, while acting under the authority of the commissioner, or with whom the documents, materials, or other information are shared pursuant to this section are permitted or required to testify in any private civil action concerning documents,

materials, or information subject to this subdivision that are classified as confidential, protected nonpublic, or both.

(c) In order to assist in the performance of the commissioner's regulatory duties, the commissioner:

(1) may, upon request, share documents, materials, or other CGAD-related information, including the confidential, protected nonpublic, and privileged documents, materials, or information subject to this subdivision including trade secret information or documents, with other state, federal, and international financial regulatory agencies, including members of any supervisory college as defined in section 60D.215, with the NAIC, and with third-party consultants pursuant to subdivision 7, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the CGAD-related documents, material, or other information and has verified in writing the legal authority to maintain confidentiality; and

(2) may receive documents, materials, or other CGAD-related information, including otherwise confidential, protected nonpublic, and privileged documents, materials, or information including trade secret information or documents, from regulatory officials of other state, federal, and international financial regulatory agencies, including members of any supervisory college as defined in section 60D.215 and from the NAIC, and shall maintain as confidential, protected nonpublic, or privileged any documents, materials, or information received with notice or the understanding that it is confidential, protected nonpublic, or privileged under the laws of the jurisdiction that is the source of the document, material, or information.

(d) The sharing of information and documents by the commissioner pursuant to this section shall not constitute a delegation of regulatory authority or rulemaking, and the commissioner is solely responsible for the administration, execution, and enforcement of the provisions of this section.

(e) No waiver of any applicable privilege or claim of confidentiality in the documents, trade-secret materials, or other CGAD-related information shall occur as a result of disclosure of such CGAD-related information or documents to the commissioner under this subdivision or as a result of sharing as authorized under this section.

Subd. 6. NAIC and third-party consultants. (a) The commissioner may retain, at the insurer's expense, third-party consultants, including attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the CGAD and related information or the insurer's compliance with this section.

(b) Any person retained under paragraph (a) shall be under the direction and control of the commissioner and shall act in a purely advisory capacity.

(c) The NAIC and third-party consultants shall be subject to the same confidentiality standards and requirements as the commissioner.

(d) As part of the retention process, a third-party consultant shall verify to the commissioner, with notice to the insurer, that it is free of a conflict of interest and that it has internal procedures in place to monitor compliance with a conflict and to comply with the confidentiality standards and requirements of this section.

(e) A written agreement with the NAIC or a third-party consultant governing sharing and use of information provided pursuant to this section shall contain the following provisions and expressly require the written consent of the insurer prior to making public information provided under this section:

(1) specific procedures and protocols for maintaining the confidentiality and security of CGAD-related information shared with the NAIC or a third-party consultant pursuant to this section;

(2) procedures and protocols for sharing by the NAIC only with other state regulators from states in which the insurance group has domiciled insurers. The agreement shall provide that the recipient agrees in writing to maintain the confidentiality and privileged status of the CGAD-related documents, materials, or other information and has verified in writing the legal authority to maintain confidentiality;

(3) a provision specifying that ownership of the CGAD-related information shared with the NAIC or a third-party consultant remains with the department and the NAIC's or third-party consultant's use of the information is subject to the direction of the commissioner;

(4) a provision that prohibits the NAIC or a third-party consultant from storing the information shared pursuant to this section in a permanent database after the underlying analysis is completed;

(5) a provision requiring the NAIC or third-party consultant to provide prompt notice to the commissioner and to the insurer or insurance group regarding any subpoena, request for disclosure, or request for production of the insurer's CGAD-related information; and

(6) a requirement that the NAIC or a third-party consultant to consent to intervention by an insurer in any judicial or administrative action in which the NAIC or a third-party consultant may be required to disclose confidential information about the insurer shared with the NAIC or a third-party consultant pursuant to this section.

Subd. 7. **Sanctions.** Any insurer failing, without just cause, to timely file the CGAD as required in this section shall be required to pay a penalty of \$1,000 for each day's delay, to be recovered by the commissioner and to be paid into the general fund of this state. The commissioner may reduce the penalty if the insurer demonstrates to the commissioner that the imposition of the penalty would constitute a financial hardship to the insurer.

EFFECTIVE DATE. This section is effective on January 1, 2020. The first filing of the CGAD shall be in 2020.

ARTICLE 5

MEDICARE SUPPLEMENT INSURANCE

Section 1. Minnesota Statutes 2018, section 62A.3099, is amended by adding a subdivision to read:

Subd. 18a. **Newly eligible individual.** "Newly eligible individual" means an individual who is eligible for Medicare on or after January 1, 2020, because the individual:

(1) has attained age 65 on or after January 2020; or

(2) although under age 65, is entitled to or deemed eligible for benefits under Medicare Part A by reason of disability or otherwise.

Sec. 2. Minnesota Statutes 2018, section 62A.31, subdivision 1, is amended to read:

Subdivision 1. **Policy requirements.** No individual or group policy, certificate, subscriber contract issued by a health service plan corporation regulated under chapter 62C, or other evidence of accident and health insurance the effect or purpose of which is to supplement Medicare coverage, including to supplement coverage under Medicare Advantage plans established under Medicare Part C, issued or delivered in this state or offered to a resident of this state shall be sold or issued to an individual covered by Medicare unless the requirements in subdivisions 1a to ~~1u~~ 1v are met.

Sec. 3. Minnesota Statutes 2018, section 62A.31, is amended by adding a subdivision to read:

Subd. 1v. **Medicare Part B deductible.** A Medicare supplemental policy or certificate must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 4. Minnesota Statutes 2018, section 62A.315, is amended to read:

62A.315 EXTENDED BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.

(a) The extended basic Medicare supplement plan must have a level of coverage so that it will be certified as a qualified plan pursuant to section 62E.07, and will provide:

(1) coverage for all of the Medicare Part A inpatient hospital deductible and coinsurance amounts, and 100 percent of all Medicare Part A eligible expenses for hospitalization not covered by Medicare;

(2) coverage for the daily co-payment amount of Medicare Part A eligible expenses for the calendar year incurred for skilled nursing facility care;

(3) coverage for the coinsurance amount or in the case of hospital outpatient department services paid under a prospective payment system, the co-payment amount, of Medicare eligible expenses under Medicare Part B regardless of hospital confinement, and the Medicare Part B deductible amount;

(4) 80 percent of the usual and customary hospital and medical expenses and supplies described in section 62E.06, subdivision 1, not to exceed any charge limitation established by the Medicare program or state law, the usual and customary hospital and medical expenses and supplies, described in section 62E.06, subdivision 1, while in a foreign country; and prescription drug expenses, not covered by Medicare. An outpatient prescription drug benefit must not be included for sale or issuance in a Medicare supplement policy or certificate issued on or after January 1, 2006;

(5) coverage for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells as defined under federal regulations under Medicare Parts A and B, unless replaced in accordance with federal regulations;

(6) 100 percent of the cost of immunizations not otherwise covered under Part D of the Medicare program and routine screening procedures for cancer, including mammograms and pap smears;

(7) preventive medical care benefit: coverage for the following preventive health services not covered by Medicare:

(i) an annual clinical preventive medical history and physical examination that may include tests and services from clause (ii) and patient education to address preventive health care measures;

(ii) preventive screening tests or preventive services, the selection and frequency of which is determined to be medically appropriate by the attending physician.

Reimbursement shall be for the actual charges up to 100 percent of the Medicare-approved amount for each service as if Medicare were to cover the service as identified in American Medical Association current procedural terminology (AMA CPT) codes to a maximum of \$120 annually under this benefit. This benefit shall not include payment for any procedure covered by Medicare;

(8) coverage of cost sharing for all Medicare Part A eligible hospice care and respite care expenses; and

(9) coverage for cost sharing for Medicare Part A or B home health care services and medical supplies.

(b) An extended basic Medicare supplement plan must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 5. Minnesota Statutes 2018, section 62A.316, is amended to read:

62A.316 BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.

(a) The basic Medicare supplement plan must have a level of coverage that will provide:

(1) coverage for all of the Medicare Part A inpatient hospital coinsurance amounts, and 100 percent of all Medicare part A eligible expenses for hospitalization not covered by Medicare, after satisfying the Medicare Part A deductible;

(2) coverage for the daily co-payment amount of Medicare Part A eligible expenses for the calendar year incurred for skilled nursing facility care;

(3) coverage for the coinsurance amount, or in the case of outpatient department services paid under a prospective payment system, the co-payment amount, of Medicare eligible expenses under Medicare Part B regardless of hospital confinement, subject to the Medicare Part B deductible amount;

(4) 80 percent of the hospital and medical expenses and supplies incurred during travel outside the United States as a result of a medical emergency;

(5) coverage for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells as defined under federal regulations under Medicare Parts A and B, unless replaced in accordance with federal regulations;

(6) 100 percent of the cost of immunizations not otherwise covered under Part D of the Medicare program and routine screening procedures for cancer screening including mammograms and pap smears;

(7) 80 percent of coverage for all physician prescribed medically appropriate and necessary equipment and supplies used in the management and treatment of diabetes not otherwise covered under Part D of the Medicare program. Coverage must include persons with gestational, type I, or type II diabetes. Coverage under this clause is subject to section 62A.3093, subdivision 2;

(8) coverage of cost sharing for all Medicare Part A eligible hospice care and respite care expenses; and

(9) coverage for cost sharing for Medicare Part A or B home health care services and medical supplies subject to the Medicare Part B deductible amount.

(b) The following benefit riders must be offered with this plan:

(1) coverage for all of the Medicare Part A inpatient hospital deductible amount;

(2) 100 percent of the Medicare Part B excess charges coverage for all of the difference between the actual Medicare Part B charges as billed, not to exceed any charge limitation established by the Medicare program or state law, and the Medicare-approved Part B charge;

(3) coverage for all of the Medicare Part B annual deductible; and

(4) preventive medical care benefit coverage for the following preventative health services not covered by Medicare:

(i) an annual clinical preventive medical history and physical examination that may include tests and services from item (ii) and patient education to address preventive health care measures;

(ii) preventive screening tests or preventive services, the selection and frequency of which is determined to be medically appropriate by the attending physician.

Reimbursement shall be for the actual charges up to 100 percent of the Medicare-approved amount for each service, as if Medicare were to cover the service as identified in American Medical Association current procedural terminology (AMA CPT) codes, to a maximum of \$120 annually under this benefit. This benefit shall not include payment for a procedure covered by Medicare.

(c) A basic Medicare supplement plan must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 6. Minnesota Statutes 2018, section 62A.3161, is amended to read:

62A.3161 MEDICARE SUPPLEMENT PLAN WITH 50 PERCENT COVERAGE.

(a) The Medicare supplement plan with 50 percent coverage must have a level of coverage that will provide:

(1) 100 percent of Medicare Part A hospitalization coinsurance plus coverage for 365 days after Medicare benefits end;

(2) coverage for 50 percent of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation is met as described in clause (8);

(3) coverage for 50 percent of the coinsurance amount for each day used from the 21st through the 100th day in a Medicare benefit period for posthospital skilled nursing care eligible under Medicare Part A until the out-of-pocket limitation is met as described in clause (8);

(4) coverage for 50 percent of cost sharing for all Medicare Part A eligible expenses and respite care until the out-of-pocket limitation is met as described in clause (8);

(5) coverage for 50 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced according to federal regulations, until the out-of-pocket limitation is met as described in clause (8);

(6) except for coverage provided in this clause, coverage for 50 percent of the cost sharing otherwise applicable under Medicare Part B, after the policyholder pays the Medicare Part B deductible, until the out-of-pocket limitation is met as described in clause (8);

(7) coverage of 100 percent of the cost sharing for Medicare Part B preventive services and diagnostic procedures for cancer screening described in section 62A.30 after the policyholder pays the Medicare Part B deductible; and

(8) coverage of 100 percent of all cost sharing under Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of \$4,000 in 2006, indexed each year by the appropriate inflation adjustment by the secretary of the United States Department of Health and Human Services.

(b) A Medicare supplement plan with 50 percent coverage must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 7. Minnesota Statutes 2018, section 62A.3162, is amended to read:

62A.3162 MEDICARE SUPPLEMENT PLAN WITH 75 PERCENT COVERAGE.

(a) The basic Medicare supplement plan with 75 percent coverage must have a level of coverage that will provide:

(1) 100 percent of Medicare Part A hospitalization coinsurance plus coverage for 365 days after Medicare benefits end;

(2) coverage for 75 percent of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation is met as described in clause (8);

(3) coverage for 75 percent of the coinsurance amount for each day used from the 21st through the 100th day in a Medicare benefit period for posthospital skilled nursing care eligible under Medicare Part A until the out-of-pocket limitation is met as described in clause (8);

(4) coverage for 75 percent of cost sharing for all Medicare Part A eligible expenses and respite care until the out-of-pocket limitation is met as described in clause (8);

(5) coverage for 75 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced according to federal regulations until the out-of-pocket limitation is met as described in clause (8);

(6) except for coverage provided in this clause, coverage for 75 percent of the cost sharing otherwise applicable under Medicare Part B after the policyholder pays the Medicare Part B deductible until the out-of-pocket limitation is met as described in clause (8);

(7) coverage of 100 percent of the cost sharing for Medicare Part B preventive services and diagnostic procedures for cancer screening described in section 62A.30 after the policyholder pays the Medicare Part B deductible; and

(8) coverage of 100 percent of all cost sharing under Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of \$2,000 in 2006, indexed each year by the appropriate inflation adjustment by the Secretary of the United States Department of Health and Human Services.

(b) A Medicare supplement plan with 75 percent coverage must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 8. Minnesota Statutes 2018, section 62A.3163, is amended to read:

62A.3163 MEDICARE SUPPLEMENT PLAN WITH 50 PERCENT PART A DEDUCTIBLE COVERAGE.

(a) The Medicare supplement plan with 50 percent Medicare Part A deductible coverage must have a level of coverage that will provide:

(1) 100 percent of Medicare Part A hospitalization coinsurance plus coverage for 365 days after Medicare benefits end;

(2) coverage for 50 percent of the Medicare Part A inpatient hospital deductible amount per benefit period;

(3) coverage for the coinsurance amount for each day used from the 21st through the 100th day in a Medicare benefit period for posthospital skilled nursing care eligible under Medicare Part A;

(4) coverage for cost sharing for all Medicare Part A eligible hospice and respite care expenses;

(5) coverage under Medicare Part A or B for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations;

(6) coverage for 100 percent of the cost sharing otherwise applicable under Medicare Part B, after the policyholder pays the Medicare Part B deductible;

(7) coverage of 100 percent of the cost sharing for Medicare Part B preventive services and diagnostic procedures for cancer screening described in section 62A.30 after the policyholder pays the Medicare Part B deductible;

(8) coverage of 80 percent of the hospital and medical expenses and supplies incurred during travel outside of the United States as a result of a medical emergency; and

(9) coverage for 100 percent of the Medicare Part A or B home health care services and medical supplies after the policyholder pays the Medicare Part B deductible.

(b) A Medicare supplement plan with 50 percent Part A deductible coverage must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 9. Minnesota Statutes 2018, section 62A.3164, is amended to read:

**62A.3164 MEDICARE SUPPLEMENT PLAN WITH \$20 AND \$50 CO-PAYMENT
MEDICARE PART B COVERAGE.**

(a) The Medicare supplement plan with \$20 and \$50 co-payment Medicare Part B coverage must have a level of coverage that will provide:

(1) 100 percent of Medicare Part A hospitalization coinsurance plus coverage for 365 days after Medicare benefits end;

(2) coverage for the Medicare Part A inpatient hospital deductible amount per benefit period;

(3) coverage for the coinsurance amount for each day used from the 21st through the 100th day in a Medicare benefit period for posthospital skilled nursing care eligible under Medicare Part A;

(4) coverage for the cost sharing for all Medicare Part A eligible hospice and respite care expenses;

(5) coverage for Medicare Part A or B of the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced according to federal regulations;

(6) coverage for 100 percent of the cost sharing otherwise applicable under Medicare Part B except for the lesser of \$20 or the Medicare Part B coinsurance or co-payment for each covered health care provider office visit and the lesser of \$50 or the Medicare Part B coinsurance or co-payment for each covered emergency room visit; however, this co-payment shall be waived if the insured is admitted to any hospital and the emergency visit is subsequently covered as a Medicare Part A expense;

(7) coverage of 100 percent of the cost sharing for Medicare Part B preventive services and diagnostic procedures for cancer screening described in section 62A.30 after the policyholder pays the Medicare Part B deductible;

(8) coverage of 80 percent of the hospital and medical expenses and supplies incurred during travel outside of the United States as a result of a medical emergency; and

(9) coverage for Medicare Part A or B home health care services and medical supplies after the policyholder pays the Medicare Part B deductible.

(b) A Medicare supplement plan with \$20 and \$50 co-payment Medicare Part B coverage must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual. No portion of the co-payment referenced in this paragraph may be applied to a Medicare Part B deductible.

Sec. 10. Minnesota Statutes 2018, section 62A.3165, is amended to read:

62A.3165 MEDICARE SUPPLEMENT PLAN WITH HIGH DEDUCTIBLE COVERAGE.

(a) The Medicare supplement plan will pay 100 percent coverage upon payment of the annual high deductible. The annual deductible shall consist of out-of-pocket expenses, other than premiums, for services covered. This plan must have a level of coverage that will provide:

(1) 100 percent of Medicare Part A hospitalization coinsurance plus coverage for 365 days after Medicare benefits end;

(2) coverage for 100 percent of the Medicare Part A inpatient hospital deductible amount per benefit period;

(3) coverage for 100 percent of the coinsurance amount for each day used from the 21st through the 100th day in a Medicare benefit period for posthospital skilled nursing care eligible under Medicare Part A;

(4) coverage for 100 percent of cost sharing for all Medicare Part A eligible expenses and respite care;

(5) coverage for 100 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced according to federal regulations;

(6) except for coverage provided in this clause, coverage for 100 percent of the cost sharing otherwise applicable under Medicare Part B;

(7) coverage of 100 percent of the cost sharing for Medicare Part B preventive services and diagnostic procedures for cancer screening described in section 62A.30 after the policyholder pays the Medicare Part B deductible;

(8) coverage of 100 percent of the hospital and medical expenses and supplies incurred during travel outside of the United States as a result of a medical emergency;

(9) coverage for 100 percent of Medicare Part A and B home health care services and medical supplies; and

(10) the basis for the deductible shall be \$1,860 and shall be adjusted annually from 2010 by the secretary of the United States Department of Health and Human Services to reflect the change in the Consumer Price Index for all urban consumers for the 12-month period ending with August of the preceding year, and rounded to the nearest multiple of \$10.

(b) A Medicare supplement plan with high deductible coverage must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 11. Minnesota Statutes 2018, section 62A.318, subdivision 17, is amended to read:

Subd. 17. **Types of plans.** (a) Medicare select policies and certificates offered by the issuer must provide the coverages specified in sections 62A.315 to 62A.3165. Before a Medicare select policy or certificate is sold or issued in this state, the applicant must be provided with an explanation of coverage for each of the coverages specified in sections 62A.315 to 62A.3165 and must be provided with the opportunity of purchasing such coverage if offered by the issuer. The basic plan may also include any of the optional benefit riders authorized by section 62A.316. Preventive care provided by Medicare select policies or certificates must be provided as set forth in section 62A.315 or 62A.316, except that the benefits are as defined in chapter 62D.

(b) Medicare select policies and certificates must provide the benefits contained in this section, but must not provide coverage for 100 percent or any portion of the Medicare Part B deductible to a newly eligible individual.

Sec. 12. Minnesota Statutes 2018, section 62E.07, is amended to read:

62E.07 QUALIFIED MEDICARE SUPPLEMENT PLAN.

(a) Any plan which provides benefits may be certified as a qualified Medicare supplement plan if the plan is designed to supplement Medicare and provides coverage of 100 percent of the deductibles required under Medicare, with exclusion under paragraph (b) for any part of the Medicare Part B deductible, and 80 percent of the charges for covered services described in section 62E.06, subdivision 1, which charges are not paid by Medicare. The coverage shall include a limitation of \$1,000 per person on total annual out-of-pocket expenses for the covered services.

(b) Any plan sold or issued to a newly eligible individual, as defined in section 62A.3099, subdivision 18a, that provides benefits may be certified as a qualified Medicare supplemental plan if the plan is designed to supplement Medicare and provides coverage of 100 percent of the deductibles, with the exception of coverage of:

(1) 100 percent or any portion of the Medicare Part B deductible; and

(2) 80 percent of the charges for covered services, as provided under section 62E.06, subdivision 6, that are charges not paid by Medicare.

The coverage must include a \$1,000 per person limitation on total annual out-of-pocket expenses for the covered services.

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 12 are effective the day following final enactment. The coverage requirements provided by this act in sections 1 to 12 apply to Medicare supplemental policies or certificates sold or issued on or after January 1, 2020, to a newly eligible individual."

Delete the title and insert:

"A bill for an act relating to insurance; making changes to conform with certain model regulations; authorizing rulemaking; amending Minnesota Statutes 2018, sections 60A.1291, subdivisions 1, 15, 18, by adding a subdivision; 60A.51, by adding a subdivision; 60A.52, subdivision 1; 60D.15, by adding subdivisions; 62A.3099, by adding a subdivision; 62A.31, subdivision 1, by adding a subdivision; 62A.315; 62A.316; 62A.3161; 62A.3162; 62A.3163; 62A.3164; 62A.3165; 62A.318, subdivision 17; 62E.07; proposing coding for new law in Minnesota Statutes, chapters 60A; 60D."

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

Senator Dahms from the Committee on Commerce and Consumer Protection Finance and Policy, to which was referred

S.F. No. 2310: A bill for an act relating to commerce; making technical changes to various provisions administered by the Department of Commerce; amending Minnesota Statutes 2018, sections 45A.01, subdivision 7; 58A.03, subdivision 2; 72B.03, subdivision 2; 80A.84; 82B.195, subdivision 2; 115C.11; 332.37; 332A.07, subdivision 1; 332B.04, by adding a subdivision.

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

Page 10, line 7, delete everything after "(22)" and insert "collect or attempt to collect a debt outside the limitations period set forth in section 541.053."

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

Senator Kiffmeyer from the Committee on State Government Finance and Policy and Elections, to which was re-referred

S.F. No. 1496: A bill for an act relating to motor vehicles; modifying various provisions governing motor vehicle titling and registration; amending Minnesota Statutes 2018, sections 80E.13; 168.013, subdivisions 1a, 6; 168.27, by adding subdivisions; 168.301, subdivision 3; 168.33, subdivision 8a; 168.346, subdivision 1; 168A.12, subdivision 2; 168A.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168A.

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

Page 12, delete section 11 and insert:

"Sec. 11. [168A.241] DRIVER AND VEHICLE SERVICES EXECUTIVE STEERING COMMITTEE.

Subdivision 1. **Definition.** For purposes of this section, "committee" means the Driver and Vehicle Services Executive Steering Committee established in this section.

Subd. 2. **Members.** The committee consists of 22 members, appointed as follows:

(1) five members appointed by the commissioner of public safety who are employees who work in the Driver and Vehicle Services Division;

(2) five members appointed by the chief information officer who are employees who work in the Office of MN.IT Services, which must include leadership staff for the driver and vehicle services information system;

(3) two members appointed by the executive director of the Minnesota Automobile Dealers Association;

(4) one member appointed by the executive director of the Northland Independent Automobile Dealer Association;

(5) one member who performs auctions exclusively for dealers licensed under section 168.27 and not for the general public, appointed by the commissioner following consultation with eligible auto auctions;

(6) six members appointed by the board of directors of the Minnesota Deputy Registrars Association; and

(7) two members appointed by the board of directors of the Minnesota Deputy Registrar Business Owners Association.

Subd. 3. **Terms; vacancies.** Section 15.059 governs the committee, except that committee members must not receive compensation for serving on the committee.

Subd. 4. **Chair.** The committee must elect a chair from among its members. The chair serves for a term of four years and may not serve more than two full consecutive terms. If a chair ceases to be a member of the committee, the committee shall select a chair to serve the remainder of the vacated term and that partial term shall not count toward the chair's term limit.

Subd. 5. **Meetings.** (a) The chair must convene the committee at least two times per year.

(b) The committee is subject to chapter 13D. A committee meeting occurs when a quorum is present and the members receive information, discuss, or take action on any matter relating to the committee's duties. The committee may conduct meetings as provided in section 13D.015 or 13D.02. The committee may conduct meetings at any location in the state that is appropriate for the purposes of the committee, provided the location is open and accessible to the public. Enforcement of this paragraph is governed by section 13D.06, subdivisions 1 and 2.

Subd. 6. **Administrative support.** The commissioner must provide support staff, office space, and administrative services for the committee.

Subd. 7. **Duties.** The committee's duties include, but are not limited to:

(1) serving in an advisory capacity to the commissioner of public safety and the director of driver and vehicle services on matters relevant to oversight and accountability of projects within

driver and vehicle services that impact the information systems used to issue identification cards and motor vehicle titles and registrations by:

(i) creating working groups to encourage participation with stakeholders and driver and vehicle services staff on information system changes used for the issuance of identification cards and motor vehicle titles and registrations; and

(ii) reviewing status reports from Independent Verification and Validation (IV&V) services for projects and audits that impact driver and vehicle services information systems; and

(2) reviewing and making recommendations with respect to work plans, policy initiatives, major activities, and strategic planning, with regard to the issuance of identification cards and providing motor vehicle title and registration services.

Subd. 8. **Report and recommendations.** By February 15 each year, the commissioner must submit to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over motor vehicle title and registration a report that summarizes the committee's activities in the previous calendar year, the issues identified by the committee, methods taken or suggested to address the issues, and recommendations for legislative action, if needed. The report must include draft legislation to implement recommended legislative action.

Subd. 9. **Expiration.** The committee expires June 30, 2029."

Page 13, line 27, delete "21" and insert "20"

Page 14, line 12, after the semicolon, insert "and"

Page 14, delete lines 13 to 16 and insert:

"(13) two members, one of whom is familiar with the title and registration process, appointed by the Minnesota Automobile Dealers Association."

Page 15, line 1, delete "proposed legislative changes" and insert "draft legislation"

Page 15, line 2, delete "chairs" and insert "chair"

Page 15, line 15, after the comma, insert "2020,"

Page 15, after line 16, insert:

"Sec. 13. **DRIVER AND VEHICLE SERVICES EXECUTIVE STEERING COMMITTEE FIRST APPOINTMENTS; FIRST MEETING; FIRST REPORT.**

(a) Appointing authorities must make initial appointments to the Driver and Vehicle Services Executive Steering Committee under Minnesota Statutes, section 168A.241, by August 1, 2019.

(b) The commissioner of public safety must convene the first meeting of the Driver and Vehicle Services Executive Steering Committee by September 15, 2019.

(c) Notwithstanding Minnesota Statutes, section 168A.241, subdivision 5, paragraph (a), the Driver and Vehicle Services Executive Steering Committee must meet one time in 2019.

(d) Notwithstanding Minnesota Statutes, section 168A.241, subdivision 8, the Driver and Vehicle Services Executive Steering Committee must submit its first report under subdivision 8 by February 15, 2020.

(e) By September 15, 2019, the commissioner of public safety must identify 11 of the members who shall serve terms coterminous with the governor. The other 11 members shall serve terms that end on the first Monday in January one year after the terms of the other members."

Renumber the sections in sequence

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

H.F. No. 148: A bill for an act relating to health; permitting a community emergency medical technician to be a member of a basic life support ambulance service; modifying an occupational title of certain emergency medical technicians; amending Minnesota Statutes 2018, sections 144E.001, subdivision 5h; 144E.275, subdivision 7; 256B.0625, subdivision 60a.

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

S.F. No. 1073: A bill for an act relating to human services; allowing community paramedics and community medical response emergency medical technicians to provide telemedicine services; amending Minnesota Statutes 2018, section 256B.0625, subdivision 3b.

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

Page 3, line 1, delete everything after the second comma

Page 3, line 2, delete everything before "or"

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

S.F. No. 2453: A bill for an act relating to health; appropriating money to the commissioner of health for public health services.

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

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was re-referred

S.F. No. 751: A bill for an act relating to health; establishing an opiate epidemic response; establishing an Opiate Epidemic Response Advisory Council; establishing an opiate epidemic response account; increasing the annual license fee for drug manufacturers and wholesale drug distributors; establishing an opiate product registration fee for certain opiate manufacturers; requiring a prescriber to access the prescription monitoring program before prescribing a controlled substance; limiting the quantity of opiates and narcotics that can be prescribed for acute pain at any one time; requiring a report; appropriating money; amending Minnesota Statutes 2018, sections 151.01, subdivision 27; 151.065, subdivisions 1, 3, by adding a subdivision; 151.252, subdivision 1; 152.105, subdivision 2; 152.11, subdivisions 1, 2, 2d, 4; 152.126, subdivisions 6, 10; 214.12, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 151; 256.

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

Page 5, after line 5, insert:

"(f) For purposes of this subdivision, a unit means the individual dosage form of the particular drug product that is prescribed to the patient. One unit equals one tablet, capsule, patch, syringe, milliliter, or gram."

Page 6, line 18, before the period, insert ", except a manufacturer of opiate-containing controlled substances shall not be required to pay the fee under section 151.065, subdivision 1, clause (16), or 151.065, subdivision 2, clause (14), for more than one facility"

Page 11, line 15, delete "\$33,000" and insert "\$126,000"

Page 11, line 19, delete everything after "for" and insert "grants of \$400,000 to CHI St. Gabriel's Health Family Medical Center for the opioid-focused Project ECHO program and \$400,000 to Hennepin Health Care for the opioid-focused Project ECHO program."

Page 11, delete lines 20 and 21

Page 14, after line 32, insert:

"Sec. 2. Minnesota Statutes 2018, section 151.37, subdivision 12, is amended to read:

Subd. 12. **Administration of opiate antagonists for drug overdose.** (a) A licensed physician, a licensed advanced practice registered nurse authorized to prescribe drugs pursuant to section 148.235, or a licensed physician assistant authorized to prescribe drugs pursuant to section 147A.18 may authorize the following individuals to administer opiate antagonists, as defined in section 604A.04, subdivision 1:

(1) an emergency medical responder registered pursuant to section 144E.27;

(2) a peace officer as defined in section 626.84, subdivision 1, paragraphs (c) and (d); ~~and~~

(3) employees of a correctional facility; and

(4) staff of community-based health disease prevention or social service programs.

(b) For the purposes of this subdivision, opiate antagonists may be administered by one of these individuals only if:

(1) the licensed physician, licensed physician assistant, or licensed advanced practice registered nurse has issued a standing order to, or entered into a protocol with, the individual; and

(2) the individual has training in the recognition of signs of opiate overdose and the use of opiate antagonists as part of the emergency response to opiate overdose.

(c) Nothing in this section prohibits the possession and administration of naloxone pursuant to section 604A.04."

Page 15, line 14, delete everything after "drugs" and insert "that meet the requirements of the Minnesota Pollution Control Agency, the United States Drug Enforcement Administration, and the Board of Pharmacy; and"

Page 15, delete line 15

Page 24, delete section 10

Page 25, delete section 11 and insert:

"Sec. 10. **PAIN MANAGEMENT.**

(a) The Health Services Policy Committee established under Minnesota Statutes, section 256B.0625, subdivision 3c, shall evaluate and make recommendations on the integration of nonpharmacologic pain management that are clinically viable and sustainable; reduce or eliminate chronic pain conditions; improve functional status; and prevent addiction and reduce dependence on opiates or other pain medications. The recommendations must be based on best practices for the effective treatment of musculoskeletal pain provided by health practitioners identified in paragraph (b), and covered under medical assistance. Each health practitioner represented under paragraph (b) shall present the minimum best integrated practice recommendations, policies, and scientific evidence for nonpharmacologic treatment options for eliminating pain and improving functional status within their full professional scope. Recommendations for integration of services may include guidance regarding screening for co-occurring behavioral health diagnoses; protocols for communication between all providers treating a unique individual, including protocols for follow-up; and universal mechanisms to assess improvements in functional status.

(b) In evaluating and making recommendations, the Health Services Policy Committee shall consult and collaborate with the following health practitioners: acupuncture practitioners licensed under Minnesota Statutes, chapter 147B; chiropractors licensed under Minnesota Statutes, sections 148.01 to 148.10; physical therapists licensed under Minnesota Statutes, sections 148.68 to 148.78; medical and osteopathic physicians licensed under Minnesota Statutes, chapter 147, and advanced practice registered nurses licensed under Minnesota Statutes, sections 148.171 to 148.285, with experience in providing primary care collaboratively within a multidisciplinary team of health care

practitioners who employ nonpharmacologic pain therapies; and psychologists licensed under Minnesota Statutes, section 148.907.

(c) The commissioner shall submit a progress report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2021, and shall report final recommendations by August 1, 2021. The final report may also contain recommendations for developing and implementing a pilot program to assess the clinical viability, sustainability, and effectiveness of integrated nonpharmacologic, multidisciplinary treatments for managing musculoskeletal pain and improving functional status.

Sec. 11. **APPROPRIATION.**

(a) \$2,000,000 in fiscal year 2020 and \$2,000,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of public safety for violent crime enforcement team grants under Minnesota Statutes, section 299A.642, subdivision 9. In awarding these grants, the commissioner must place a priority on funding nonmetro teams. The commissioner of public safety shall provide outreach, technical assistance, and program development support to increase the capacity of small communities to access grants under Minnesota Statutes, section 299A.642, subdivision 9, particularly in areas where violent crime enforcement teams have not been established, especially in greater Minnesota. By February 1 of each year, the commissioner shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on the distribution of grants, outreach, assistance, and support under this paragraph. The report must include information on the total number of requests for grants, outreach, assistance, and support, where these requests originated, and the amount of money for each successful request.

(b) \$244,000 in fiscal year 2020 is appropriated from the general fund to the Board of Pharmacy for onetime information technology and operating costs for administration of licensing activities under Minnesota Statutes, section 151.066. This is a onetime appropriation.

(c) \$500,000 in fiscal year 2020 and \$500,000 in fiscal year 2021 are appropriated from the opiate epidemic response account in the special revenue fund for Board of Pharmacy operations under Minnesota Statutes, chapter 151.

(d) Notwithstanding Minnesota Statutes, section 256.043, subdivision 2, paragraph (a), if no fees are deposited into the opiate epidemic response account by June 30, 2020, for any reason, \$2,603,000 is appropriated from the general fund for the appropriations in fiscal year 2020 described in Minnesota Statutes, section 256.043, subdivision 2, paragraphs (a) to (e), and the appropriation under paragraph (c).

(e) If appropriations are made under paragraph (d) and if money equal to the amount appropriated in paragraph (d) is subsequently deposited into the opiate epidemic response account, the amount appropriated under paragraph (d) must be transferred from the opiate epidemic response account to the general fund.

(f) \$11,000 in fiscal year 2020 is appropriated from the state government special revenue fund to the Board of Dentistry to implement the continuing education requirements under Minnesota Statutes, section 214.12.

(g) \$17,000 in fiscal year 2020 is appropriated from the state government special revenue fund to the Board of Medical Practice to implement the continuing education requirements under Minnesota Statutes, section 214.12.

(h) \$17,000 in fiscal year 2020 is appropriated from the state government special revenue fund to the Board of Nursing to implement the continuing education requirements under Minnesota Statutes, section 214.12.

(i) \$5,000 in fiscal year 2020 is appropriated from the state government special revenue fund to the Board of Optometry to implement the continuing education requirements under Minnesota Statutes, section 214.12.

(j) \$5,000 in fiscal year 2020 is appropriated from the state government special revenue fund to the Board of Podiatric Medicine to implement the continuing education requirements under Minnesota Statutes, section 214.12."

Renumber the sections in sequence

Amend the title numbers accordingly

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

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

S.F. No. 2307: A bill for an act relating to environment; providing for disposition of fines for certain trichloroethylene emissions; creating an account; creating stakeholder group; proposing coding for new law in Minnesota Statutes, chapter 115B.

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

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

S.F. No. 621: A bill for an act relating to transportation; appropriating money for certain reimbursements to deputy registrars.

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

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

S.F. No. 75: A bill for an act relating to public safety; increasing the penalties for texting while driving; authorizing the suspension of driver's licenses; providing that certain texting while driving crimes are not payable offenses; expanding the criminal vehicular operation crime; requiring driver education and driver's manual to cover distracted driving; amending Minnesota Statutes 2018, sections 169.475, subdivisions 1, 2; 171.0701, subdivision 1; 171.0705, by adding a subdivision; 171.20, by adding a subdivision; 171.30, subdivision 1; 609.2111; 609.2112, subdivision 1; 609.2113, subdivisions 1, 2, 3; 609.2114, subdivisions 1, 2.

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

Page 2, line 19, delete "licensee must comply with"

Page 2, delete line 20

Page 3, delete section 5

Renumber the sections in sequence

Amend the title numbers accordingly

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

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

S.F. No. 307: A bill for an act relating to public safety; transferring money to the disaster contingency account.

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

Page 1, line 5, delete "\$2,400,000" and insert "\$10,000,000"

Page 1, line 6, after the period, insert "This is a onetime transfer."

Page 1, after line 6, insert:

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

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

SECOND READING OF SENATE BILLS

S.F. Nos. 990, 2310, 1073, 2307, 621, 75, and 307 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 148 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Franzen introduced--

S.F. No. 2575: A bill for an act relating to redistricting; requiring the appointment of a commission to recommend the boundaries of legislative and congressional districts; establishing districting principles for legislative and congressional plans; assigning duties to the Legislative Coordinating Commission; assigning duties to the secretary of state; proposing coding for new law in Minnesota Statutes, chapters 2; 204B.

Referred to the Committee on State Government Finance and Policy and Elections.

Senator Cohen introduced--

S.F. No. 2576: A bill for an act relating to agriculture; increasing pesticide gross sales fee for neonicotinoid pesticides; dedicating proceeds to pollinator research and outreach; amending Minnesota Statutes 2018, section 18B.26, subdivision 3.

Referred to the Committee on Agriculture, Rural Development, and Housing Policy.

Senators Utke, Eichorn, and Hayden introduced--

S.F. No. 2577: A bill for an act relating to workforce development; appropriating money for a grant to the American Indian Opportunities and Industrialization Center.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Benson and Abeler introduced--

S.F. No. 2578: A bill for an act relating to health; modifying a provision for residency programs; amending Minnesota Statutes 2018, section 144.1506, subdivision 2.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Dzedzic introduced--

S.F. No. 2579: A bill for an act relating to public safety; establishing a Peace Officer Excellence Task Force.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Dzedzic, Clausen, Simonson, and Frentz introduced--

S.F. No. 2580: A bill for an act relating to taxation; individual income; making the student loan credit refundable; amending Minnesota Statutes 2018, section 290.0682, subdivision 2.

Referred to the Committee on Taxes.

Senator Draheim introduced--

S.F. No. 2581: A bill for an act relating to capital investment; appropriating money for development of local trail connections in Northfield to the Mill Towns State Trail; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Kiffmeyer introduced--

S.F. No. 2582: A bill for an act relating to elections; making technical and policy changes to provisions related to elections administration including provisions related to voting, voter registration, polling places, ballots, recounts, contests, candidates, and various other election-related provisions; amending Minnesota Statutes 2018, sections 5B.06; 201.071, subdivisions 1, 2, 3, 8; 201.12, subdivision 2; 201.121, subdivision 3; 201.13, subdivision 3; 201.1611, subdivision 1; 201.225, subdivision 2; 202A.16, subdivision 1; 203B.04, subdivision 1; 203B.081, subdivisions 1, 2; 203B.12, subdivision 7; 203B.121, subdivision 4; 203B.16, subdivision 2; 203B.24, subdivision 1; 204B.06, subdivision 4a; 204B.09, subdivisions 1, 3; 204B.16, subdivision 1; 204B.19, subdivision 6; 204B.21, subdivision 2; 204B.36, subdivision 2; 204B.45, subdivision 2; 204B.46; 204C.05, subdivision 1; 204C.21, subdivision 1; 204C.27; 204C.33, subdivision 3; 204C.36, subdivision 1; 204D.08, subdivision 4; 204D.13, subdivision 1; 204D.27, subdivision 5; 204D.28, subdivisions 9, 10; 205.13, subdivision 5; 205A.10, subdivision 5; 205A.12, subdivision 5; 206.89, subdivisions 4, 5; 206.90, subdivision 6; 207A.14, subdivision 2; 209.021, subdivision 2; 211B.11, subdivision 1; 367.03, subdivision 6; 367.25, subdivision 1; 412.02, subdivision 2a; 447.32, subdivision 4; repealing Minnesota Statutes 2018, section 204C.05, subdivisions 1a, 1b.

Referred to the Committee on State Government Finance and Policy and Elections.

Senator Rosen introduced--

S.F. No. 2583: A bill for an act relating to retirement; Minnesota State Retirement System administrative revisions; establishing application filing procedures; clarifying voting rights of unclassified plan members; establishing rights upon partial repayment of a refund; payment of contributions for retroactive coverage elected by employees of the Department of Military Affairs and the Fire Marshal Division; making other changes of an administrative nature; amending Minnesota Statutes 2018, sections 3A.02, by adding a subdivision; 352.03, subdivisions 1, 1b; 352.113, subdivision 2; 352.115, subdivision 7, by adding a subdivision; 352.23; 352.85, subdivision 4; 352.87, subdivision 8; 352B.08, by adding a subdivision; 352D.05, subdivision 3; 352F.04, subdivision 1; 490.126, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 356; repealing Minnesota Statutes 2018, section 352F.06.

Referred to the Committee on State Government Finance and Policy and Elections.

Senator Rosen introduced--

S.F. No. 2584: A bill for an act relating to retirement; Public Employees Retirement Association phased retirement option; eliminating expiration of the program and annual renewal requirement; clarifying language; amending Minnesota Statutes 2018, section 353.371, subdivisions 1, 2, 3, 4, 5, 6, 7; repealing Minnesota Statutes 2018, section 353.371, subdivision 8.

Referred to the Committee on State Government Finance and Policy and Elections.

Senators Dzedzic, Simonson, and Hayden introduced--

S.F. No. 2585: A bill for an act relating to property tax refunds; modifying the renter's refund calculation; amending Minnesota Statutes 2018, section 290A.04, subdivision 2a.

Referred to the Committee on Taxes.

Senators Frentz and Ingebrigtsen introduced--

S.F. No. 2586: A bill for an act relating to natural resources; facilitating integration of aggregate mapping information into county comprehensive planning process; appropriating money; amending Minnesota Statutes 2018, section 84.94, subdivision 3, by adding subdivisions.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senator Frentz introduced--

S.F. No. 2587: A bill for an act relating to higher education; creating a rural attorney loan repayment program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136A.

Referred to the Committee on Higher Education Finance and Policy.

Senators Bigham, Eaton, Eichorn, Bakk, and Tomassoni introduced--

S.F. No. 2588: A bill for an act relating to natural resources; appropriating money for chronic wasting disease adopt-a-dumpster program and certain guidelines; requiring a report.

Referred to the Committee on Environment and Natural Resources Finance.

Senators Abeler and Benson introduced--

S.F. No. 2589: A bill for an act relating to human services; prohibiting transfers by the commissioner of human services; requiring a report.

Referred to the Committee on Human Services Reform Finance and Policy.

Senators Abeler, Ingebrigtsen, Tomassoni, Hoffman, and Mathews introduced--

S.F. No. 2590: A bill for an act relating to natural resources; exempting paddleboards from watercraft licensure requirements; amending Minnesota Statutes 2018, sections 86B.005, subdivision 18; 86B.415, subdivision 1a.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Clausen, Little, and Carlson introduced--

S.F. No. 2591: A bill for an act relating to transportation; appropriating money to construct a roundabout on marked Trunk Highway 3 in Rosemount; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Johnson introduced--

S.F. No. 2592: A bill for an act relating to disaster relief; reimbursing Roseau County for certain flood-recovery expenditures; appropriating money.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Goggin introduced--

S.F. No. 2593: A bill for an act relating to capital investment; appropriating money for Cannon Valley Trail access and storm water infrastructure renovation and improvement; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Jasinski introduced--

S.F. No. 2594: A bill for an act relating to motor vehicles; modifying various provisions governing motor vehicle titling and registration; creating a task force and a departmental steering committee; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 80E.13; 168.013, subdivisions 1a, 6; 168.27, by adding subdivisions; 168.301, subdivision 3; 168.33, subdivision 8a; 168.346, subdivision 1; 168A.12, subdivision 2; 168A.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168A.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senator Newman introduced--

S.F. No. 2595: A bill for an act relating to capital investment; appropriating money for lake restoration in Hutchinson; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Anderson, P.; Sparks; Pratt; Benson; and Eken introduced--

S.F. No. 2596: A bill for an act relating to public safety; increasing penalties for transferring certain firearms to persons who are ineligible to possess firearms; amending Minnesota Statutes 2018, section 624.7141.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Anderson, B. introduced--

S.F. No. 2597: A bill for an act relating to capital investment; appropriating money for infrastructure improvements in the city of Annandale; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Housley, Eichorn, Sparks, Clausen, and Wiger introduced--

S.F. No. 2598: A bill for an act relating to education finance; appropriating money for the Minnesota Center for the Book programming.

Referred to the Committee on E-12 Finance and Policy.

Senator Ingebrigtsen introduced--

S.F. No. 2599: A bill for an act relating to local government aid; appropriating money for a grant to Otter Tail County for debt service on a building in Fergus Falls.

Referred to the Committee on Taxes.

Senators Tomassoni, Weber, and Senjem introduced--

S.F. No. 2600: A bill for an act relating to clean water; establishing a grant program to clean up contaminated tax-forfeited property; appropriating money.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senator Chamberlain introduced--

S.F. No. 2601: A bill for an act relating to taxation; corporate franchise; modifying due dates for estimated tax payments; amending Minnesota Statutes 2018, section 289A.26, subdivisions 2, 3.

Referred to the Committee on Taxes.

Senators Hall, Draheim, Pratt, Clausen, and Jasinski introduced--

S.F. No. 2602: A bill for an act relating to transportation; appropriating money to expand the Kenrick Avenue park-and-ride facility in Lakeville.

Referred to the Committee on Transportation Finance and Policy.

Senators Wiklund, Kent, Wiger, and Torres Ray introduced--

S.F. No. 2603: A bill for an act relating to education; allowing ACT scale scores as a substitute for Minnesota Comprehensive Assessment scale scores; amending Minnesota Statutes 2018, section 120B.30, subdivision 1.

Referred to the Committee on E-12 Finance and Policy.

Senator Cwodzinski introduced--

S.F. No. 2604: A bill for an act relating to education; requiring schools to make disposable menstrual products freely available in school restrooms; amending Minnesota Statutes 2018, section 121A.21.

Referred to the Committee on E-12 Finance and Policy.

Senators Tomassoni, Eichorn, and Bakk introduced--

S.F. No. 2605: A bill for an act relating to higher education; appropriating money for the Iron Range engineering program.

Referred to the Committee on Higher Education Finance and Policy.

Senator Carlson introduced--

S.F. No. 2606: A bill for an act relating to adoption; modifying provisions governing adult adoptee access to their own original birth records and other adoption-related information; amending Minnesota Statutes 2018, sections 13.10, subdivision 5; 13.465, subdivision 8; 144.218, subdivisions 1, 2; 144.225, subdivision 2; 144.2252; 259.83, subdivisions 1, 1a, 1b, by adding a subdivision; 260C.317, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2018, sections 144.212, subdivision 11; 259.83, subdivision 3; 259.89; 260C.637.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Hayden introduced--

S.F. No. 2607: A bill for an act relating to human services; modifying medical assistance coverage for community health workers; modifying medical assistance reimbursement rates for doula services; establishing permanent grant program for integrated care for high-risk pregnancies; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 256B.0625, subdivision 49; 256B.79, subdivisions 2, 3, 4, 5, 6; proposing coding for new law in Minnesota Statutes, chapter 256B; repealing Minnesota Statutes 2018, section 256B.79, subdivision 7.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Mathews introduced--

S.F. No. 2608: A bill for an act relating to economic development; creating the Lake Mille Lacs area economic restoration program; appropriating money for grants to businesses adversely affected by a decline in walleye fishing.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Senjem, Franzen, Housley, and Hayden introduced--

S.F. No. 2609: A bill for an act relating to health; appropriating money for advance care planning on end-of-life care choices.

Referred to the Committee on Health and Human Services Finance and Policy.

Senators Carlson, Franzen, and Clausen introduced--

S.F. No. 2610: A bill for an act relating to education; authorizing a grant for robotics programs; requiring a report; appropriating money.

Referred to the Committee on E-12 Finance and Policy.

Senators Pratt, Westrom, Osmek, and Dahms introduced--

S.F. No. 2611: A bill for an act relating to jobs; appropriating money for the Departments of Employment and Economic Development, Labor and Industry, Human Services, and Commerce; the Bureau of Mediation Services; Public Employment Relations Board; Housing Finance Agency; Workers' Compensation Court of Appeals; and Public Utilities Commission; making policy and technical changes; modifying fees; providing criminal and civil penalties; requiring reports; amending Minnesota Statutes 2018, sections 16C.285, subdivision 3; 116J.8731, subdivision 5; 116J.8748, subdivision 4; 177.27, subdivisions 2, 4, 7, 8, by adding subdivisions; 177.30; 177.32, subdivision 1; 181.03, subdivision 1, by adding subdivisions; 181.032; 181.101; 182.659, subdivision 8; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.802, subdivision 15; 327C.095, subdivisions 1, 2, 3, 4, 12, 13; 341.30, subdivision 1; 341.32, subdivision 1; 341.321; 345.515; 345.53, subdivision 1, by adding a subdivision; 609.52, subdivisions 1, 2, 3; proposing coding for new law in Minnesota Statutes, chapters 177; 181; 216C; proposing coding for new law as Minnesota Statutes, chapter 345A; repealing Minnesota Statutes 2018, sections 177.27, subdivisions 1, 3; 345.53, subdivision 2.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Eichorn, Utke, Ingebrigtsen, and Tomassoni introduced--

S.F. No. 2612: A bill for an act relating to natural resources; modifying bear-baiting restrictions; amending Minnesota Statutes 2018, section 97B.426.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Utke and Abeler introduced--

S.F. No. 2613: A bill for an act relating to state government; appropriating money for a grant to Red Lake Band of Chippewa Indians to purchase certain property to provide shelter to residents of the Hiawatha Homeless Encampment.

Referred to the Committee on Agriculture, Rural Development, and Housing Finance.

Senators Pratt; Clausen; Anderson, P.; Cwodzinski; and Eichorn introduced--

S.F. No. 2614: A bill for an act relating to education finance; authorizing a grant to the Minnesota Council on Economic Education; appropriating money.

Referred to the Committee on E-12 Finance and Policy.

MOTIONS AND RESOLUTIONS

Senator Koran moved that the name of Senator Tomassoni be added as a co-author to S.F. No. 512. The motion prevailed.

Senator Hall moved that the name of Senator Newman be added as a co-author to S.F. No. 557. The motion prevailed.

Senator Ruud moved that the name of Senator Rarick be added as a co-author to S.F. No. 807. The motion prevailed.

Senator Relph moved that the name of Senator Clausen be added as a co-author to S.F. No. 905. The motion prevailed.

Senator Howe moved that the names of Senators Little, Jasinski, and Anderson, B. be added as co-authors to S.F. No. 1082. The motion prevailed.

Senator Champion moved that the name of Senator Dziejdzic be added as a co-author to S.F. No. 1191. The motion prevailed.

Senator Abeler moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Limmer be shown as chief author to S.F. No. 1263. The motion prevailed.

Senator Anderson, P. moved that the name of Senator Wiger be added as a co-author to S.F. No. 1820. The motion prevailed.

Senator Hoffman moved that the name of Senator Abeler be added as a co-author to S.F. No. 1850. The motion prevailed.

Senator Champion moved that the name of Senator Dziejdzic be added as a co-author to S.F. No. 1933. The motion prevailed.

Senator Dibble moved that the name of Senator Dziejdzic be added as a co-author to S.F. No. 2198. The motion prevailed.

Senator Champion moved that the name of Senator Dziejdzic be added as a co-author to S.F. No. 2243. The motion prevailed.

Senator Champion moved that the name of Senator Dibble be added as a co-author to S.F. No. 2244. The motion prevailed.

Senator Johnson moved that the names of Senators Koran, Newman, Kiffmeyer, and Jasinski be added as co-authors to S.F. No. 2333. The motion prevailed.

Senator Johnson moved that the names of Senators Koran, Newman, Kiffmeyer, and Westrom be added as co-authors to S.F. No. 2334. The motion prevailed.

Senator Frentz moved that the name of Senator Bigham be added as a co-author to S.F. No. 2338. The motion prevailed.

Senator Eaton moved that the name of Senator Bigham be added as a co-author to S.F. No. 2359. The motion prevailed.

Senator Champion moved that the name of Senator Dziedzic be added as a co-author to S.F. No. 2370. The motion prevailed.

Senator Utke moved that the name of Senator Sparks be added as a co-author to S.F. No. 2378. The motion prevailed.

Senator Abeler moved that the name of Senator Eaton be added as a co-author to S.F. No. 2416. The motion prevailed.

Senator Utke moved that the name of Senator Rarick be added as a co-author to S.F. No. 2418. The motion prevailed.

Senator Champion moved that the name of Senator Hayden be added as a co-author to S.F. No. 2483. The motion prevailed.

Senator Howe moved that the name of Senator Lang be added as a co-author to S.F. No. 2500. The motion prevailed.

Senator Hoffman moved that the name of Senator Eaton be added as a co-author to S.F. No. 2511. The motion prevailed.

Senator Nelson moved that the name of Senator Wiger be added as a co-author to S.F. No. 2519. The motion prevailed.

Senator Housley moved that S.F. No. 1888 be withdrawn from the Committee on Jobs and Economic Growth Finance and Policy and re-referred to the Committee on Energy and Utilities Finance and Policy. The motion prevailed.

Senator Limmer moved that S.F. No. 1263, No. 22 on General Orders, be stricken and re-referred to the Committee on Judiciary and Public Safety Finance and Policy. The motion prevailed.

Senator Lang introduced --

Senate Resolution No. 76: A Senate resolution honoring the memory of Pfc. Ryane G. Clark.

Referred to the Committee on Rules and Administration.

MEMBERS EXCUSED

Senators Bakk, Benson, Latz, Simonson, and Tomassoni were excused from the Session of today.

ADJOURNMENT

Senator Gazelka moved that the Senate do now adjourn until 11:00 a.m., Thursday, March 21, 2019. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

